

Quarterly Industrial Outlook Survey: January-March 2011 (Round 53)*

This article presents the survey findings of Industrial Outlook Survey conducted for January-March-2011 quarter, the 53rd round in the series. It gives an assessment of business situation of companies in manufacturing sector, for the quarter January-March-2011, and their expectations for the ensuing quarter April-June 2011. The survey results signal moderation of business conditions in the Indian manufacturing sector for assessment quarter as well as expectation quarter. The Business Expectation Index – a measure that gives a single snapshot of the industrial outlook in each study quarter – declined from 122.8 to 122.0 for assessment quarter and more visibly from 125.9 to 121.9 for the expectation quarter; however, it still remains much higher than 100 which is the threshold that separates contraction from expansion.

Highlights

The survey conducted in January-March 2011 shows that the business condition in India's manufacturing sector has shown moderation in the sentiments after improvement in the previous two quarters (*viz.*, July-September 2010 and October-December 2010). The expectation for April-June 2011 quarter also shows similar sentiments.

- The **demand conditions** showed signs of moderation for both the quarters under review as compared to the previous round of the survey. Lesser proportion of respondents felt that production at Indian manufacturing sector would increase in the ensuing quarter, which is also reflected in decline in net response in favour of higher new orders, capacity utilisation, exports and imports. Moderation of demand conditions

¹ Prepared in the Division of Enterprise Surveys (erstwhile a part of Survey Division) of Department of Statistics and Information Management. The previous article on the subject based on 52nd round (October-December 2010) was published in March 2011 Bulletin.

was anticipated by manufacturing sector in the previous round of the survey. The survey signalled decline in Employment outlook. Finished goods inventory was perceived to be higher than average by relatively higher proportion of respondents.

- The **financial condition** which improved in the previous quarter has reversed as the optimism level for overall financial situation declined during the assessment quarter and expectation quarter. Net response of the manufactures for improved availability of finance declined for both the quarters under review. The cost of external finance is perceived to rise further in the ensuing quarter. The survey results indicate continuance of Input price pressure. Higher proportion of respondents reported increase in selling prices; however, effect on Profit Margin was marginal.
- The **Business Expectation Index** (BEI), for the assessment quarter (January-March 2011) declined to 122.0 from 122.8. Similar sentiment is expected for the April-June 2011 quarter as BEI declined to 121.9 from 125.9 in the previous quarter.
- The **industry-wise** analysis shows that majority of the industry groups have lower optimism for overall business conditions in the current survey round. While Wood & wood products, Paper & paper products, Cement are less optimistic in their outlook for April-June 2011, Machinery, Transport equipment, Pharmaceuticals and Basic chemicals are more optimistic.
- **Size-wise analysis** shows that lower optimism is seen across all size groups when compared with the previous survey quarter. Outlook of bigger companies was generally more positive.

However, impact of higher Cost of Finance appeared to be stronger for 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 about 2,000 public and private limited companies, mostly with paid-up capital above ₹ 50 lakh, in the manufacturing sector. The fieldwork for the survey was carried out by an agency during the two-month period ending February 2011. 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

The survey elicited response from 1,542 companies (79.4 per cent of the sample) within the stipulated time. Companies with incomplete or improperly filled-in schedules were excluded from the analysis. The study is based on responses of 1,524 companies which were included in the analysis.

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

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 53rd round conducted for January – March 2011 quarter are presented in this article.

III. 1 Demand conditions

The survey collects perceptions of the Indian manufacturers about prominent demand-related parameters, namely; Production, Order Books, Capacity Utilisation, Inventory, Exports and Imports.

III. 1.1 Production

The survey seeks the company's assessment for January-March 2011 and expectations for April-June 2011 on change in overall production (for all products put together). The net response favouring higher production registered a decline from 43.9 to 41.4 for the assessment quarter and it declined from 48.6 to 40.0 for the expectation quarter (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 responses, for the assessment and expectation quarters, have moderated (Table 2 and Chart 2).

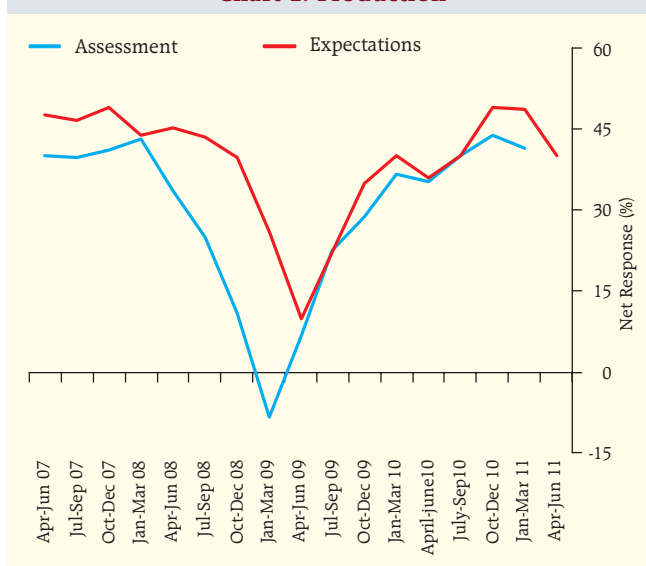
III. 1.3 Pending Orders

The respondents were required to review the pending orders for assessment and expectation quarters with respect to the normal level. It is seen that the pending order position has improved for both

Table 1: Assessment & Expectations for Production

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	
Jan-Mar 09	1,225	27.1	35.1	37.7	-8.0	41.8	15.8	42.3	26.0
Apr-Jun 09	1,242	33.1	26.2	40.6	6.9	32.5	22.6	44.9	9.9
Jul-Sep 09	1,180	40.9	18.3	40.8	22.6	38.5	16.1	45.5	22.4
Oct-Dec 09	1,256	44.0	15.2	40.8	28.9	46.0	11.0	43.0	35.0
Jan-Mar 10	1,079	49.0	12.5	38.5	36.5	48.8	8.8	42.3	40.0
Apr-Jun 10	1,092	48.4	13.0	38.6	35.4	45.8	9.9	44.3	35.9
Jul-Sep 10	1,403	51.6	11.6	36.8	40.0	49.7	9.4	40.9	40.2
Oct-Dec 10	1,561	53.9	10.0	36.0	43.9	55.9	6.8	37.3	49.1
Jan-Mar 11	1,524	52.1	10.7	37.1	41.4	55.4	6.8	37.7	48.6
Apr-Jun 11						49.1	9.1	41.8	40.0

Due to rounding off, percentages may not add up to 100 which is applicable throughout the article.

Chart 1: Production

the quarters under review, over the preceding survey round, as more companies shifted their responses from 'above normal' to 'below normal' category. (Table 3 and Chart 3).

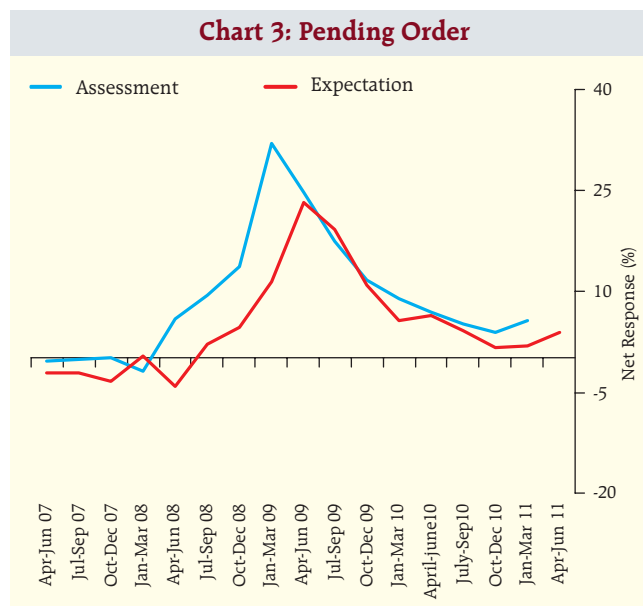
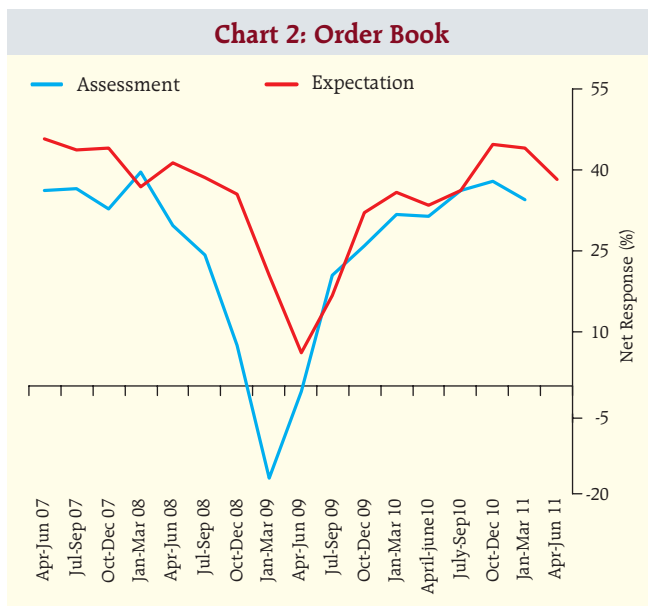
III. 1. 4 Capacity Utilisation

The survey collects views of manufacturing companies on change in Capacity Utilisation level 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 Assessment of production capacity with regard to expected demand in the next six months (more than adequate/less than adequate/adequate).

Table 2: Assessment & Expectations for Order books

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	
Jan-Mar 09	1,225	22.9	39.7	37.4	-16.8	37.3	16.7	46.1	20.6
Apr-Jun 09	1,242	28.4	29.3	42.3	-0.9	31.0	24.6	44.4	6.4
Jul-Sep 09	1,180	38.2	17.7	44.1	20.5	35.5	18.7	45.8	16.8
Oct-Dec 09	1,256	39.5	13.6	46.8	25.9	43.5	11.2	45.3	32.3
Jan-Mar 10	1,079	43.5	11.6	44.9	31.9	44.8	9.1	46.1	35.8
Apr-Jun 10	1,092	41.8	10.5	47.7	31.3	42.3	8.9	48.8	33.4
Jul-Sep 10	1,403	45.4	9.3	45.3	36.1	44.4	8.1	47.5	36.3
Oct-Dec 10	1,561	46.9	9.1	44.0	37.9	49.8	5.1	45.1	44.8
Jan-Mar 11	1,524	44.8	10.1	45.2	34.7	49.6	5.6	44.8	44.0
Apr-Jun 11						45.9	7.5	46.6	38.4

Due to rounding off, percentages may not add up to 100 which is applicable throughout the article.



While about 55 per cent of the respondents reported no change in the capacity utilisation of their main product, on net response basis, there is marginal moderation in Capacity Utilisation of the main product over previous quarter. The overall level of capacity utilisation is assessed to be normal with respect to average capacity in the last four quarters. Assessment of Production capacity with regard to expected demand in next six months 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

The survey seeks responses on raw material and finished goods inventory level (both in quantity terms). Majority of the respondents (80-85 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 13 per cent of the respondents assessed their finished goods inventory levels to be above average during the current quarter.

Table 3: Assessment & Expectations for Pending Orders

(Percentage responses)#

Survey Quarter	Total response	Assessment for Current Quarter				Expectation for Next Quarter			
		Below Normal	Above Normal	Normal	Net response	Below Normal	Above Normal	Normal	Net response
	1	2	3	4	5	6	7	8	9
Jan-Mar 09	1,225	36.3	4.3	59.4	32.0	16.9	5.4	77.8	11.5
Apr-Jun 09	1,242	29.1	4.5	66.5	24.6	28.0	4.8	59.4	23.2
Jul-Sep 09	1,180	21.1	3.7	75.2	17.4	22.9	3.8	73.4	19.1
Oct-Dec 09	1,256	17.1	5.6	77.3	11.6	15.2	4.2	80.6	11.0
Jan-Mar 10	1,079	15.5	6.7	77.8	8.8	12.2	6.5	81.3	5.7
Apr-Jun 10	1,092	14.3	7.4	78.3	6.9	12.9	6.4	80.7	6.5
Jul-Sep 10	1,403	12.0	6.9	81.1	5.1	11.4	7.3	81.3	4.2
Oct-Dec 10	1,561	11.6	7.6	80.8	3.9	8.8	7.3	83.9	1.5
Jan-Mar 11	1,524	12.5	6.9	80.6	5.5	9.8	8.1	82.1	1.7
Apr-Jun 11						10.4	6.6	83.0	3.9

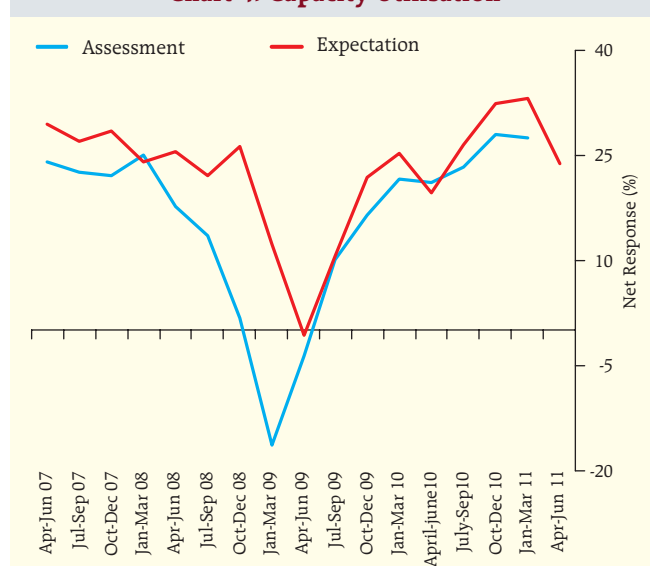
Pending orders 'Below normal' is optimistic

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Table 4: Per cent Responses on Sentiments for Capacity Utilisation

Parameter	Options	(Percentage responses)#			
		Assessment for quarter		Expectations for quarter	
		Oct-Dec 2010	Jan-Mar 2011	Jan-Mar 2011	April-June 2011
	1	2	3	4	5
Capacity Utilisation (main product)	Increase	36.8	36.2	39.1	31.9
	No Change	54.3	54.9	54.9	60.1
	Decrease	8.9	8.8	6.0	8.0
	Net Response	27.9	27.4	33.1	24.0
Level of Capacity Utilisation (compared to the average in last 4 quarters)	Above normal	16.0	15.5	17.2	13.3
	Normal	73.6	73.9	75.1	77.9
	Below Normal	10.4	10.6	7.7	8.8
	Net Response	5.6	4.9	9.5	4.4
Assessment of Prod. Capacity (with regard to expected demand in next 6 months)	More than adequate	10.6	11.3	10.6	11.2
	Adequate	81.6	81.7	82.2	82.7
	Less than adequate	7.8	6.9	7.2	6.2
	Net Response	2.9	4.4	3.4	5.0

Due to rounding off, percentages may not add up to 100 which is applicable throughout the article.

Chart 4: Capacity Utilisation

This proportion is expected to decline marginally in the next quarter. On net responses basis, the inventory levels (both for raw material and finished goods) are expected to rise in April-June 2011.

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 reveals lower optimism of the manufacturing sector in terms of further growth in exports and imports. The net response for Exports and Imports declined for both the assessment and expectation quarters over the corresponding previous quarters (Table 6 and Chart 5).

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

Parameter	Options	(Percentage responses)#			
		Assessment for quarter		Expectations for quarter	
		Oct-Dec 2010	Jan-Mar 2011	Jan-Mar 2011	April-June 2011
	1	2	3	4	5
Inventory of raw material	Below average	6.2	6.3	4.8	6.3
	Average	81.5	79.7	84.8	84.2
	Above average	12.4	14.1	10.4	9.6
	Net Response	-6.2	-7.8	-5.6	-3.3
Inventory of finished goods	Below average	6.8	6.6	5.8	6.2
	Average	82.5	80.3	85.4	84.8
	Above average	10.7	13.1	8.8	9.0
	Net Response	-3.9	-6.5	-3.0	-2.9

Inventory of raw material/finished goods below average is optimistic

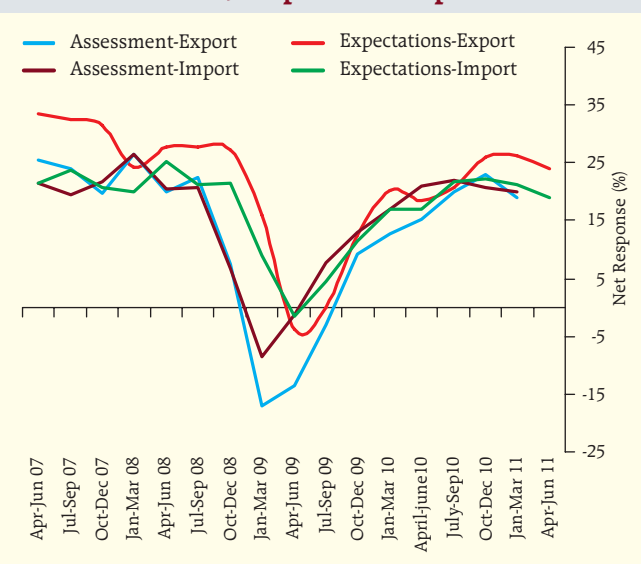
Table 6: Assessment & Expectations for Exports

(Percentage responses)#

Survey Quarter	Total response	Assessment for Current Quarter				Expectation for Next Quarter			
		Increase	Decrease	No change	Net response	Increase	Decrease	No change	Net response
		1	2	3	4	5	6	7	8
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	34.4	11.4	54.2	23.1	34.4	8.3	57.3	26.1
Jan-Mar 11	1,524	32.1	13.2	54.7	18.9	34.4	8.1	57.5	26.3
Apr-Jun 11						33.4	9.4	57.1	24.0

Due to rounding off, percentages may not add up to 100 which is applicable throughout the article.

Chart 5: Exports and Imports



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 situation labour. The survey signalled marginal decline in proportion of the respondents reporting increase in their labour force in January-March 2011 quarter (Table 8 and Chart 6). A similar sentiment prevails for the ensuing quarter as well.

III. 2 Financial Parameters

The survey assesses sentiments about financial conditions through the following parameters, viz., Overall Financial Situation, Working Capital Finance

Table 7: Assessment & Expectations for Imports

(Percentage responses)#

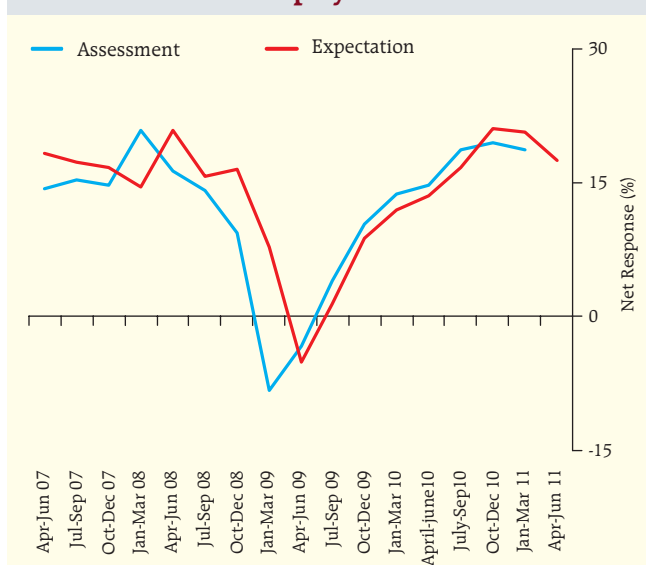
Survey Quarter	Total response	Assessment for Current Quarter				Expectation for Next Quarter			
		Increase	Decrease	No change	Net response	Increase	Decrease	No change	Net response
		1	2	3	4	5	6	7	8
Jan-Mar 09	1,225	13.7	22.1	64.2	-8.4	19.7	10.6	69.7	9.1
Apr-Jun 09	1,242	17.1	18.4	64.5	-1.3	14.9	16.3	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	1,524	27.0	7.1	65.8	19.9	26.7	5.4	67.9	21.3
Apr-Jun 11						25.1	6.2	68.6	18.9

Due to rounding off, percentages may not add up to 100 which is applicable throughout the article.

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	
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	1,524	24.3	5.6	70.1	18.7	25.0	4.3	70.7	20.6
Apr-Jun 11						23.0	5.6	71.4	17.4

Due to rounding off, percentages may not add up to 100 which is applicable throughout the article.

Chart 6: Employment outlook

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 improved during the previous survey round, has reversed the sentiments and has shown a lower optimism level in the current survey quarter. The net response for better financial situation in the January-March 2011 quarter decreased to 27.1 from 37.1 in the previous quarter. The manufacturers also foresee decline in overall financial situation for the expectation quarter as the net response declined to 33.4 from 41.4 a quarter ago (Table: 9, Chart: 7).

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	
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	1,524	35.7	8.6	55.8	27.1	45.5	4.4	50.1	41.1
Apr-Jun 11						38.6	5.2	56.1	33.4

Due to rounding off, percentages may not add up to 100 which is applicable throughout the article.

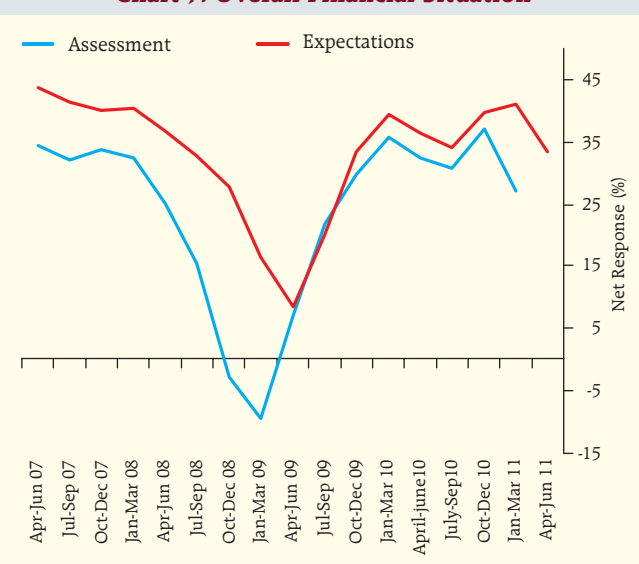
Table 10: Assessment & Expectations for Working Capital Finance Requirement

(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
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	1,524	41.0	4.1	54.9	36.9	40.7	3.0	56.3	37.8
Apr-Jun 11						37.4	4.4	58.2	32.9

Increase in Working capital finance requirement is optimism.

Chart 7: Overall Financial Situation



III. 2.2 Working Capital Finance Requirement and Availability of Finance

In line with lower optimism in production, the net response for Working capital finance requirement (excluding internal source of funds) in the assessment quarter (January-March 2011) decreased to 36.9 from 37.1 in October-December 2010. A similar sentiment is anticipated for the expectation quarter (Table: 10).

The survey shows that lower percentage of respondents assess/expect Availability of Finance to improve in the current/ensuing quarter. This is reflected in the net response, which has declined 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
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	1,524	32.1	8.3	59.6	23.8	36.4	4.0	59.6	32.3
Apr-Jun 11						32.6	5.3	62.2	27.3

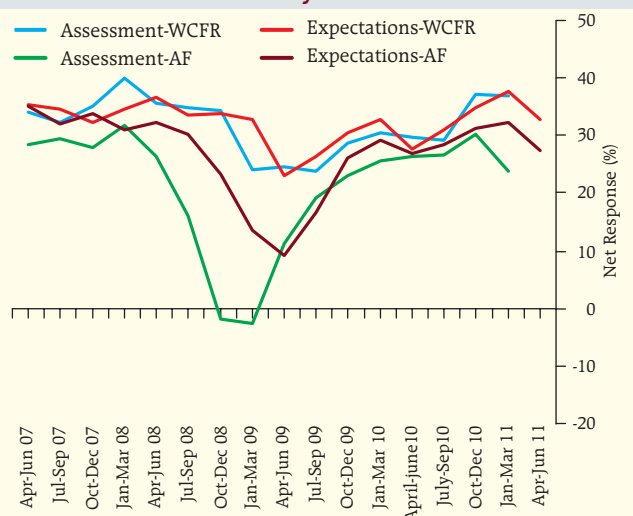
Improvement in Availability of finance is optimism.

Table 12: Assessment & Expectations for Cost of External Finance

(Percentage responses)#

Survey Quarter	Total response	Assessment for Current Quarter				Expectation for Next Quarter			
		Decrease	Increase	No change	Net response	Decrease	Increase	No change	Net response
		1	2	3	4	5	6	7	8
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-Dec10	1,561	4.0	37.9	58.1	-33.9	3.8	32.1	64.2	-28.3
Jan-Mar 11	1,524	3.5	46.0	50.6	-42.5	3.7	35.0	61.3	-31.3
Apr-Jun 11						3.9	38.9	57.1	-35.0

The parameter Cost of external finance is included in the survey from October-December 2009; Decrease in Cost of external finance is optimism.

Chart 8: Working Capital Finance Requirement & Availability of Finance

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 46.0 per cent of the respondents feel that the cost of external fund have further risen during January-March 2011 (Table-12). One quarter ahead outlook also signals similar sentiment about cost of funds.

III. 2.4 Cost of Raw Material

The survey results indicate continuance of input price pressure for the manufacturing companies in the January-March 2011 quarter (Table 13). A similar trend is expected for the expectation quarter as well.

Table 13: Assessment & Expectations for Cost of Raw Material

(Percentage responses)#

Survey Quarter	Total response	Assessment for Current Quarter				Expectation for Next Quarter			
		Decrease	Increase	No change	Net response	Decrease	Increase	No change	Net response
		1	2	3	4	5	6	7	8
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	1,524	1.7	73.7	24.6	-71.9	2.3	55.9	41.8	-53.6
Apr-Jun 11						2.5	59.5	38.0	-57.0

Decrease in cost of raw material is optimism.

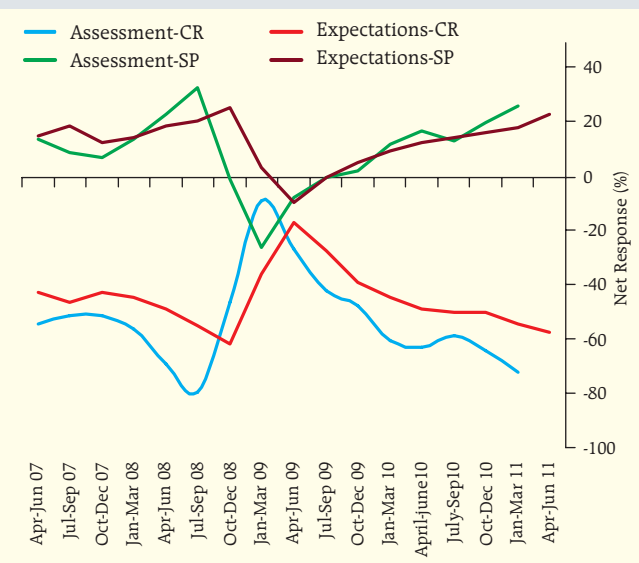
Table 14. Assessment & Expectations for Selling Price

(Percentage responses)#

Survey Quarter	Total response	Assessment for Current Quarter				Expectation for Next Quarter			
		Increase	Decrease	No change	Net response	Increase	Decrease	No change	Net response
		1	2	3	4	5	6	7	8
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	1,524	35.7	9.2	55.1	26.5	26.7	8.1	65.2	18.6
Apr-Jun 11						30.6	7.0	62.4	23.7

Increase in Selling Price is optimism.

Chart 9: Cost of Raw Material & Selling Price



III. 2.5 Selling Price

The survey seeks responses on change in selling prices (ex-factory unit prices) of the manufactured products on aggregate basis. 36 per cent of the respondents have been able to pass on a part of rising input cost in the assessment quarter and 31 per cent expect increase in the selling price in the forthcoming quarter (Table 14, Chart 9). The net response has improved for both quarters.

III. 2.6 Profit Margin

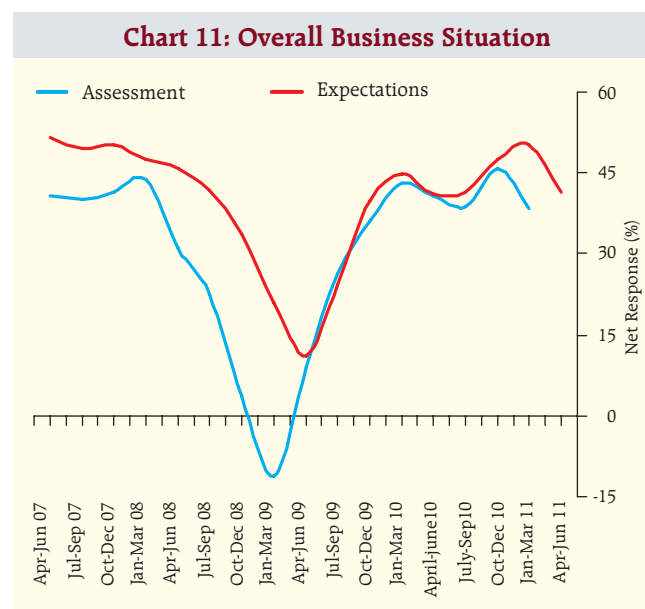
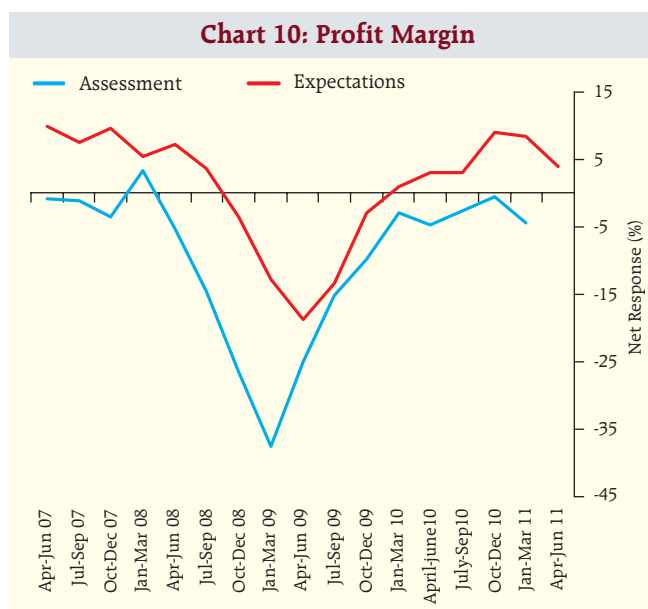
The survey seeks opinion of manufacturing companies on change in profit margin (gross profits as percentage to net sales). While a little more than half of the respondents perceive no change in profit

Table 15: Assessment & Expectations for Profit Margin

(Percentage responses)#

Survey Quarter	Total response	Assessment for Current Quarter				Expectation for Next Quarter			
		Increase	Decrease	No change	Net response	Increase	Decrease	No change	Net response
		1	2	3	4	5	6	7	8
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	1,524	20.8	25.1	54.1	-4.3	25.6	17.2	57.2	8.3
Apr-Jun 11						22.2	18.4	59.4	3.8

Increase in Profit margin is optimism.



margin in the assessment quarter as well as expectation quarter, the remaining respondents are more or less equally divided between 'increase' and 'decrease' in the profit margin. The net response declined for both the quarters (Table 15 and Chart 10).

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 of the Overall

business situation for assessment quarter shows marked decline to 38.6 per cent from 45.9 per cent in the previous quarter. The net response for expectation quarter has also shown similar decline (Table 16, Chart 11).

III. 3.2 Business Expectation Index (BEI)

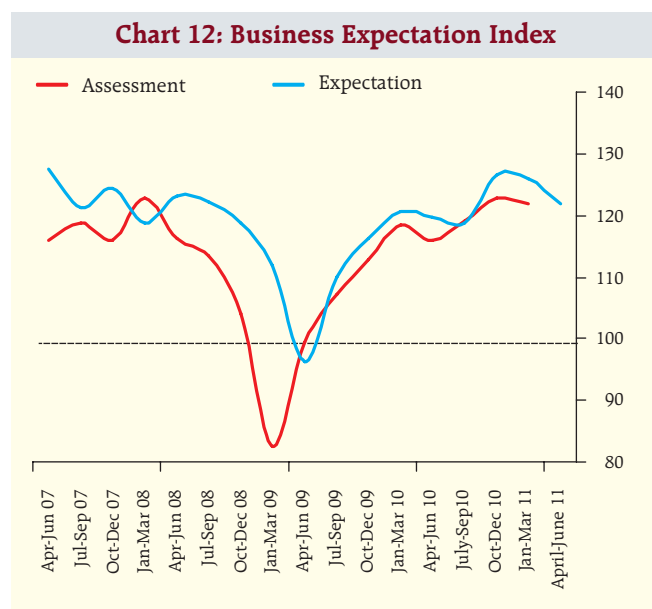
Business Expectation Index gives a single snapshot of the industrial outlook in each study quarter. This index is computed from the weighted average of net responses from all the industries on selected nine performance parameters where the weights are the industry's share in Gross Value Added (GVA). The selected parameters are Overall Business

Table 16: Assessment & Expectations of Overall Business Situation

(Percentage responses)#

Survey Quarter	Total response	Assessment for Current Quarter				Expectation for Next Quarter			
		Better	Worsen	No change	Net response	Better	Worsen	No change	Net response
	1	2	3	4	5	6	7	8	9
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	1,524	46.0	7.4	46.6	38.6	54.2	4.1	41.8	50.1
Apr-Jun 11						47.0	5.6	47.4	41.4

Decrease in cost of raw material is optimism.



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

The present round of the survey showed decline in the index for the both quarters under review. The index has declined from 122.8 to 122.0 for assessment

quarter and more visibly from 125.9 to 121.9 for the expectation quarter; however, it has still remained much higher than 100 which is the threshold that separates contraction from expansion.

III.3.3 Industry-wise Analysis

Industry-wise analysis shows that the outlook for all the industry groups on demand conditions and financial situations is less optimistic when compared with the previous quarter. However, Overall Business Situation is more optimistic for Machinery, Transport equipment and Basic chemical industries while it is less optimistic for Wood & wood products, Cement and Paper & paper products industries. Cost of External Finance impacted Transport equipment, Cement and Textiles industries more. The pressure from Cost of Raw Materials was higher in Textiles, Transport equipment and Electrical Machinery industries. Outlook on Profit Margin was more negative for Wood & wood products, Textiles, Rubber and Plastic Products and Electrical Machinery industries.

III. 3.4 Size-wise Analysis

Overall business situations as well as overall financial situation are perceived to be less optimistic

Table 17: Industry-wise Analysis

Industry	Net Response (%) for April-June 2011						
	Overall Business Situation	Overall Financial Situation	Cost of External Finance	Cost of Raw Material	Production	Employment	Profit Margin
	1	2	3	4	5	6	7
Food products	34.2	24.2	-29.1	-47.0	27.1	8.4	-4.2
Textiles	35.1	22.0	-36.2	-63.2	37.4	15.4	-3.9
Basic Metals & Metal products	46.8	35.5	-39.6	-57.4	43.6	18.3	11.0
Electrical machinery	45.5	38.8	-23.4	-51.5	37.8	16.2	-6.4
Other Machinery & Apparatus	48.8	46.0	-31.9	-57.2	44.7	21.2	6.0
Transport Equipment	48.4	41.9	-48.8	-60.2	51.7	27.7	5.4
Fertilisers	45.5	37.5	-31.3	-48.5	45.5	15.2	9.4
Pharmaceutical & Medicines	48.4	32.6	-35.3	-59.6	53.8	28.9	12.4
Basic Chemicals	47.9	39.8	-26.1	-56.4	47.9	23.1	15.3
Rubber & Plastic products	37.2	33.7	-45.7	-63.5	38.6	13.8	2.4
Paper & Paper products	29.8	25.5	-31.7	-47.8	34.8	0.0	2.2
Cement	23.1	23.1	-30.8	-57.7	32.0	11.5	-4.2
Wood & Wood products	21.1	21.1	-26.3	-47.1	11.8	0.0	0.0
Diversified companies	44.4	33.3	-58.8	-61.1	33.3	38.9	29.4
Other industries	31.3	26.9	-36.3	-57.3	26.2	12.2	-3.1
All Companies	41.4	33.4	-35.0	-57.0	40.0	17.4	3.8

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

Parameter	Net Response (%) for April-June 2011											
	PUC-wise						Production-wise					
	Small		Medium		Small		Medium		Small		Medium	
	Rd52	Rd54	Rd52	Rd54	Rd52	Rd53	Rd52	Rd53	Rd52	Rd53	Rd52	Rd53
1	2	3	4	5	6	7	8	9	10	11	12	
Overall business situation	36.1	32.9	51.5	42.2	57.3	46.3	44.2	36.8	53.6	46.2	62.5	41.8
Overall Financial situation	26.0	24.6	42.9	34.0	43.2	41.5	32.6	26.2	47	40.3	54.3	37.1
Working Capital Finance Requirement	24.0	26.3	39.0	33.7	45.7	34.6	28.3	27.1	44.3	38.3	51.3	37.6
Availability of Finance	18.8	17.4	34.4	29.0	26.6	22.2	25.2	22.0	36.8	32.6	44.4	29.1
Cost of external finance	-17.2	-27.0	-32.3	-36.1	-41.8	-34.2	-23.8	-27.8	-35.9	-39.4	-42.9	-49.6
Production	35.3	28.7	50.0	41.4	55.9	40.5	42.5	35.7	53	43.7	58	45.0
Order Books	30.9	27.0	45.1	39.5	53.8	45.7	35.6	32.6	49.8	42.4	55	48.8
Pending Orders, if applicable	7.3	8.5	1.3	3.4	-3.8	1.6	4.9	8.3	-0.3	-0.2	-2.4	0.0
Cost of raw materials	-57.4	-56.7	-53.4	-57.5	-51.6	-48.8	-57	-57.8	-51	-57.3	-51.3	-51.8
Inventory of raw materials	-7.2	-3.6	-5.2	-3.5	-9.5	0.0	-2.3	-0.6	-8.7	-6.3	-7.2	-3.6
Inventory of Finished Goods	-2.0	2.5	-3.0	-3.6	-5.6	-2.7	-0.3	-0.3	-4.8	-5.1	-7.6	-5.8
Capacity utilisation	20.8	12.3	33.9	24.8	45.1	34.6	28.2	18.8	35.1	28.6	45.6	29.7
Level of capacity utilisation	2.6	-4.7	10.0	5.4	16.1	9.0	3.4	-1.3	12.8	10.3	22.1	5.7
Assessment of the production capacity	3.2	6.6	3.5	5.2	3.3	-1.3	2.1	3.5	4	6.4	8.1	6.5
Employment in the company	9.0	12.9	22.3	18.4	20.2	12.2	12.9	11.8	25.2	21.0	34.2	27.5
Exports, if applicable	10.2	10.4	28.2	25.4	28.9	27.9	20.6	17.6	26.9	25.3	48.5	46.4
Imports, if any	9.7	8.6	22.3	20.5	26.5	14.9	15.4	12.3	23.7	23.1	34.3	27.8
Selling prices	16.2	22.8	18.8	23.9	24.7	22.2	13.7	18.4	22.7	29.5	22.8	22.3
If increase expected in selling prices, rate of such increase	19.4	15.6	13.4	8.6	-2.2	12.8	16.9	10.2	10.3	9.3	10.3	9.0
Profit Margin	-8.3	-8.3	9.7	5.3	21.1	6.2	-0.7	-3.0	13.4	9.8	23.8	8.0

* Smaller companies (annual production less than ₹100 crore / PUC less than ₹ 10 crore)

* Medium companies (annual production between ₹100 crore to ₹1000 crore / PUC between ₹10 crore to ₹100 crore)

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

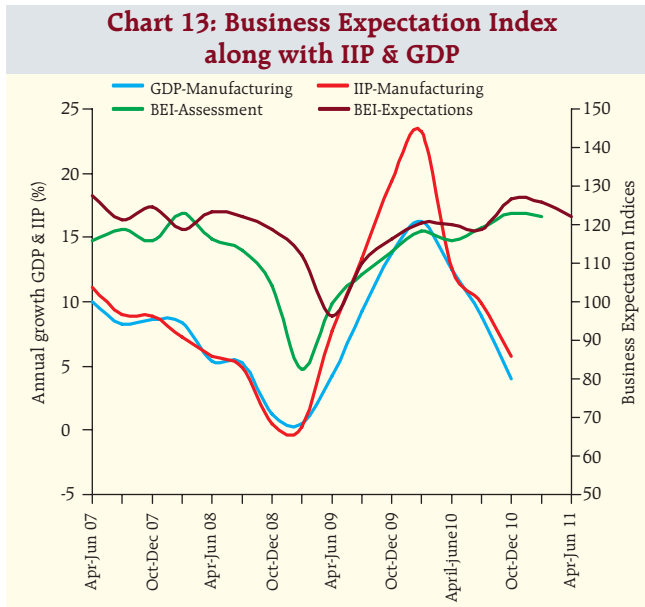
across all size classes. Within that, medium size companies (according to annual production) are relatively more optimistic as compared to their counterparts. The smaller companies are less optimistic about demand conditions as their net response on production, order books and capacity utilisation are at lower levels than those of the bigger and medium companies. (Table 18).

III. 3.5 Constraints for Attaining the Normal Production Level

About 47 per cent of companies mentioned Production Constraints for attaining the normal production level during the quarter January-March 2011. On industry-wise break up reveals that companies in the industry groups, *viz.*, Food products, Textiles, Rubber & Plastic products and Paper & Paper products reported the constraint more (Table 19).

Table 19: Constraints for Attaining the Normal Production Level Industry-wise

	Production Constraint			
	NO		YES	
	Count	%	Count	%
	1	2	3	4
Food products	51	42.5	69	57.5
Textiles	90	42.9	120	57.1
Basic Metals & Metal products	108	48.6	114	51.4
Electrical machinery	49	49.5	50	50.5
Other Machinery & Apparatus	122	59.8	82	40.2
Transport Equipment	56	59.6	38	40.4
Fertilisers	20	60.6	13	39.4
Pharmaceutical & Medicines	65	70.7	27	29.3
Basic Chemicals	75	63.0	44	37.0
Rubber & Plastic products	39	44.8	48	55.2
Paper & Paper products	19	40.4	28	59.6
Cement	14	53.8	12	46.2
Wood & wood products	13	68.4	6	31.6
Diversified companies	15	83.3	3	16.7
Other industries	74	55.2	60	44.8
All companies	810	53.1	714	46.9



Major constraints reported are *Shortage of raw material, power and working capital finance*. Smaller companies (in terms of PUC or value of Production) felt more production constraints as compared to their bigger counterparts.

III. 3.6 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 & Expectations of the Industrial Performance for the
Oct-Dec 2010 and Jan-Mar 2011 Respectively**

(Percentage of responding companies)#

Parameter	Assessment				Expectations			
	Optimistic Response	Pessimistic Response	No Change	Net response 4=1-2	Optimistic Response	Pessimistic Response	No Change	Net response 8=5-6
	1	2	3	4	5	6	7	8
1 Overall Business Situation	46.0	7.4	46.6	38.6	47.0	5.6	47.4	41.4
2 Overall Financial situation	35.7	8.6	55.8	27.1	38.6	5.2	56.1	33.4
3 Working Capital Finance Requirement	41.0	4.1	54.9	36.9	37.4	4.4	58.2	32.9
4 Availability of Finance	32.1	8.3	59.6	23.8	32.6	5.3	62.2	27.3
5 Cost of External Finance *	3.5	46.0	50.6	-42.5	3.9	38.9	57.1	-35.0
6 Production	52.1	10.7	37.1	41.4	49.1	9.1	41.8	40.0
7 Order Books	44.8	10.1	45.2	34.7	45.9	7.5	46.6	38.4
8 Pending Orders, if applicable	12.5	6.9	80.6	5.5	10.4	6.6	83.0	3.9
9 Cost of Raw Materials	1.7	73.7	24.6	-71.9	2.5	59.5	38.0	-57.0
10 Inventory of Raw Materials	6.3	14.1	79.7	-7.8	6.3	9.6	84.2	-3.3
11 Inventory of Finished Goods	6.6	13.1	80.3	-6.5	6.2	9.0	84.8	-2.9
12 Capacity Utilisation	36.2	8.8	54.9	27.4	31.9	8.0	60.1	24.0
13 Level of Capacity Utilisation	15.5	10.6	73.9	4.9	13.3	8.8	77.9	4.4
14 Assessment of the Production Capacity	11.3	6.9	81.7	4.4	11.2	6.2	82.7	5.0
15 Employment in the Company	24.3	5.6	70.1	18.7	23.0	5.6	71.4	17.4
16 Exports, if applicable	32.1	13.2	54.7	18.9	33.4	9.4	57.1	24.0
17 Imports, if any	27.0	7.1	65.8	19.9	25.1	6.2	68.6	18.9
18 Selling prices	35.7	9.2	55.1	26.5	30.6	7.0	62.4	23.7
19 If increase expected in selling prices, rate of such increase	23.4	11.3	65.3	12.1	21.3	11.8	66.9	9.6
20 Profit Margin	20.8	25.1	54.1	-4.3	22.2	18.4	59.4	3.8

Due to rounding off, percentages may not add up to 100.

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

Statement 2: Net Responses in % for Assessments for Last Seven Quarters

(Per cent)

Parameter	Optimistic view	July-Sep 2009	Oct-Dec 2009	Jan-Mar 2010	Apr-June 2010	Jul-Sep 2010	Oct-Dec 2010	Jan-Mar 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	38.6
2 Overall Financial Situation	Better	21.8	29.5	35.8	32.2	30.6	37.1	27.1
3 Working Capital Finance Requirement	Increase	23.8	28.8	30.5	29.9	29.3	37.1	36.9
4 Availability of Finance	Improve	19.2	23.0	25.7	26.4	26.6	30.3	23.8
5 Cost of External Finance *	Decrease		-14.7	-15.9	-21.9	-28.3	-33.9	-42.5
6 Production	Increase	22.6	28.9	36.5	35.4	40.0	43.9	41.4
7 Order Books	Increase	20.5	25.9	31.9	31.3	36.1	37.9	34.7
8 Pending Orders, if applicable	Below normal	17.4	11.6	8.8	6.9	5.1	3.9	5.5
9 Cost of Raw Materials	Decrease	-41.7	-47.1	-60.2	-62.7	-58.3	-63.9	-71.9
10 Inventory of Raw Materials	Below average	-2.1	-4.2	-5.8	-5.0	-5.3	-6.2	-7.8
11 Inventory of Finished Goods	Below average	-4.3	-4.3	-4.3	-4.1	-4.3	-3.9	-6.5
12 Capacity Utilisation	Increase	10.1	16.5	21.7	21.1	23.3	27.9	27.4
13 Level of Capacity Utilisation	Above normal	-11.2	-3.9	3.0	2.5	3.1	5.6	4.9
14 Assessment of the production Capacity	More than adequate	5.8	5.3	6.4	3.1	3.3	2.9	4.4
15 Employment in the Company	Increase	4.1	10.3	13.7	14.7	18.7	19.4	18.7
16 Exports, if applicable	Increase	-2.9	9.2	12.7	15.3	20.0	23.1	18.9
17 Imports, if any	Increase	7.8	13.0	17.1	20.9	22.0	20.9	19.9
18 Selling prices	Increase	0.2	2.6	12.4	17.3	13.8	20.2	26.5
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	12.1
20 Profit Margin	Increase	-15.1	-9.9	-2.9	-4.8	-2.5	-0.4	-4.3

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

Statement 3: Net Responses in % for Assessments for Last Seven Quarters

(Per cent)

Parameter	Optimistic view	Oct-Dec 2009	Jan-Mar 2010	Apr-June 2010	July-Sep 2010	Oct-Dec 2010	Jan-Mar 2011	April-June 2011
	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	41.4
2 Overall Financial Situation	Better	33.5	39.3	36.3	34.1	39.6	41.1	33.4
3 Working Capital Finance Requirement	Increase	30.4	32.7	27.7	31.1	34.8	37.8	32.9
4 Availability of Finance	Improve	26.1	29.2	26.8	28.5	31.3	32.3	27.3
5 Cost of External Finance *	Decrease		-18.3	-20.6	-23.3	-28.3	-31.3	-35.0
6 Production	Increase	35	40.0	35.9	40.2	49.1	48.6	40.0
7 Order Books	Increase	32.3	35.8	33.4	36.3	44.8	44.0	38.4
8 Pending Orders, if applicable	Below normal	11	5.7	6.4	4.2	1.5	1.7	3.9
9 Cost of Raw Materials	Decrease	-38.4	-44.3	-48.6	-49.3	-49.3	-53.6	-57.0
10 Inventory of Raw Materials	Below average	-1.2	-3.6	-2.6	-5.1	-6.6	-5.6	-3.3
11 Inventory of Finished Goods	Below average	-3.7	-1.9	-2.6	-5.0	-2.8	-3.0	-2.9
12 Capacity Utilisation	Increase	22	25.4	19.7	26.5	32.3	33.1	24.0
13 Level of Capacity Utilisation	Above normal	-3.8	1.3	1.6	5.8	7.2	9.5	4.4
14 Assessment of the Production Capacity	More than adequate	6.5	5.0	7.1	4.1	5.6	3.4	5.0
15 Employment in the Company	Increase	8.8	12.1	13.6	16.8	21.0	20.6	17.4
16 Exports, if applicable	Increase	12.5	20.2	18.5	20.7	26.1	26.3	24.0
17 Imports, if any	Increase	11.5	16.9	17.1	21.7	22.2	21.3	18.9
18 Selling prices	Increase	6	9.8	13.3	15.2	17.0	18.6	23.7
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	9.6
20 Profit Margin	Increase	-2.8	1.1	3.2	3.1	9.2	8.3	3.8

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

**Statement 4: Comparative Scenarios Pertaining to Assessment and Expectations based on the
Net Responses for all Parameters from a Year Ago, Previous and Current Quarter Surveys
(i.e. Round 49, 52 and 53, respectively)**

Parameter	Optimistic Criteria	ASSESSMENT					EXPECTATIONS				
		Net Response (%)			Differences in net response of current survey over current quarter of		Net Response (%)			Differences in net response of current survey over current quarter of	
		Current quarter of a year ago survey	Current quarter of Previous survey	Current quarter of Current survey	A year ago survey	Previous quarter survey	Current quarter of a year ago survey	Current quarter of Previous survey	Current quarter of Current survey	A year ago survey	Previous quarter survey
		Jan-Mar 2010	Oct-Dec 2010	Jan-Mar 2011	(4) - (2)	(4) - (3)	Apr-June 2010	Jan-Mar 2011	Apr-June 2011	(9) - (7)	(9) - (8)
	1	2	3	4	5	6	7	8	9	10	11
1 Overall Business Situation	Better	43.1	45.9	38.6	-4.5	-7.3	41.2	50.1	41.4	0.3	-8.7
2 Overall Financial Situation	Better	35.8	37.1	27.1	-8.7	-10.0	36.3	41.1	33.4	-2.9	-7.7
3 Working Capital Finance Requirement	Increase	30.5	37.1	36.9	6.4	-0.2	27.7	37.8	32.9	5.3	-4.8
4 Availability of Finance	Improve	25.7	30.3	23.8	-1.8	-6.5	26.8	32.3	27.3	0.5	-5.0
5 Cost of External Finance *	Decrease	-15.9	-33.9	-42.5	-26.6	-8.5	-20.6	-31.3	-35.0	-14.4	-3.7
6 Production	Increase	36.5	43.9	41.4	4.8	-2.5	35.9	48.6	40.0	4.1	-8.6
7 Order Books	Increase	31.9	37.9	34.7	2.8	-3.2	33.4	44.0	38.4	5.0	-5.6
8 Pending Orders, if applicable	Below normal	8.8	3.9	5.5	-3.3	1.6	6.4	1.7	3.9	-2.6	2.1
9 Cost of Raw Materials	Decrease	-60.2	-63.9	-71.9	-11.8	-8.1	-48.6	-53.6	-57.0	-8.4	-3.4
10 Inventory of Raw Materials	Below average	-5.8	-6.2	-7.8	-2.0	-1.6	-2.6	-5.6	-3.3	-0.7	2.3
11 Inventory of Finished Goods	Below average	-4.3	-3.9	-6.5	-2.2	-2.6	-2.6	-3.0	-2.9	-0.3	0.1
12 Capacity Utilisation	Increase	21.7	27.9	27.4	5.7	-0.5	19.7	33.1	24.0	4.3	-9.2
13 Level of Capacity Utilisation	Above normal	3.0	5.6	4.9	1.8	-0.7	1.6	9.5	-64.7	-66.3	-74.2
14 Assessment of the Production Capacity	More than adequate	6.4	2.9	4.4	-2.0	1.5	7.1	3.4	-71.5	-78.6	-74.9
15 Employment in the Company	Increase	13.7	19.4	18.7	5.0	-0.7	13.6	20.6	17.4	3.8	-3.2
16 Exports, if applicable	Increase	12.7	23.1	18.9	6.2	-4.1	18.5	26.3	24.0	5.5	-2.4
17 Imports, if any	Increase	17.1	20.9	19.9	2.8	-1.0	17.1	21.3	18.9	1.8	-2.4
18 Selling prices	Increase	12.4	20.2	26.5	14.1	6.3	13.3	18.6	23.7	10.4	5.1
19 If increase expected in selling prices, rate of such increase	Increase at lower rate	21.6	15.2	12.1	-9.6	-3.2	19.7	13.1	9.6	-10.1	-3.6
20 Profit Margin	Increase	-2.9	-0.4	-4.3	-1.4	-3.9	3.2	8.3	3.8	0.7	-4.5

* 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
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	122.79	3.8	10.0	126.50	7.7	10.1
Jan-Mar 2011	122.0	-0.8	3.5	125.90	-0.6	5.3
April-June 2011				121.9	-4.0	2.1

Annex



RESERVE BANK OF INDIA
DEPARTMENT OF STATISTICS AND INFORMATION MANAGEMENT
MUMBAI-400051.
INDUSTRIAL OUTLOOK SURVEY, JANUARY-MARCH 2011
(ROUND 53)

Sample company code: (To be filled by the agency/RBI)					
-----------------------------------------------------------------	--	--	--	--	--

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: _____ 2011

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 (January-March 2011) (Please tick (✓) the relevant column)

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

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

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 (January-March 2011)			Next Quarter (April-June 2011)		
		Please tick (✓) changes over October-December 2010 quarter			Please tick (✓) changes over January-March 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:
January-March 2011 (Round 53)*

Annex (Concl.)

Code	Parameter	Current Quarter (January-March 2011)			Next Quarter (April-June 2011)		
		<i>Please tick (√) changes over October-December 2010 quarter</i>			<i>Please tick (√) changes over January-March 2011 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:	