

## Quarterly Industrial Outlook Survey: October-December 2011 (Round 56)\*

This article presents the survey findings of Industrial Outlook Survey conducted for **October-December 2011** quarter, the 56<sup>th</sup> round in the series. It gives the **assessment** of business situation of companies in manufacturing sector, for the quarter **October-December 2011**, and their **expectations** for the ensuing quarter **January-March 2012**. 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, marginally increased to 110.1 from 109.4 for assessment quarter but declined to 117.2 from 118.8 for expectation quarter; however, it still remains well above 100, the threshold that separates contraction from expansion.

### Highlights

- Though marginal improvement in Production and Capacity Utilisation (CU) was reported in the *assessment quarter* as well as *expectation quarter* as compared to the previous round of the survey, decline in net response<sup>1</sup> for Order Books, Exports, Imports indicates moderate **demand conditions** in Indian manufacturing sector.
- **Financial condition** showed lower optimism in both the quarters. Net response on Availability of finance has been on decline in the financial year 2011-12. While increasing proportion of respondents reported rise in 'Cost of finance' over previous 7 quarters, the trend appears to have slightly reversed for expectation quarter. Most of

\* Prepared in the Division of Enterprise Surveys of Department of Statistics and Information Management. The previous article on the subject based on the 55<sup>th</sup> survey round (July-September 2011) was published in December 2011 Bulletin.

<sup>1</sup> Net Response is the difference of percentage of the respondents reporting an increase (optimistic response) and that of reporting decrease (pessimistic response).

the respondents felt that pressure from 'cost of raw material' continued and was expected to elevate further in the next quarter. The optimism on 'selling price' and 'profit margins' further declined in both the assessment and expectation quarter.

- **Industry-wise** analysis showed that majority of the industry groups reported more pessimism about input cost and less optimism about profit margin. However, 'Food products', 'Cement', 'Electrical machinery' and 'Pharmaceuticals' industries reported higher optimism in demand conditions.
- **Size-wise analysis** showed that bigger size companies had higher optimism for demand conditions as compared with their smaller counterparts; however, these companies were less optimistic on financial conditions.
- On constrains for attaining normal production level, around one third of the responding companies reported '*Uncertainty in Economic Environment*' for the first time

### I. Introduction:

The Reserve Bank of India has been conducting the Industrial Outlook Survey (IOS) on a quarterly basis since 1998. The Survey gives insight into the perception of the public and private limited companies engaged in manufacturing activities about their own performance and prospects. The assessment of business sentiments for the current quarter and expectations for the ensuing quarter are based on qualitative responses on 20 major parameters covering overall business situation, financial situation, demand indicators, price, profit margins and employment situation. The survey provides useful forward-looking inputs for policymakers, analysts and business alike.

**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
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	1,504	47.8	15.7	36.5	32.1	49.1	9.1	41.8	40.0
Jul-Sep 11	1,528	40.8	18.3	40.9	22.6	49.6	9.0	41.5	40.6
Oct-Dec 11	1,450	42.2	16.9	41.0	25.3	49.5	9.5	41.0	39.9
Jan-Mar 12						49.8	9.5	40.7	40.4

'Increase' in production is optimistic.

# Due to rounding off, percentages may not add up to 100. This is applicable throughout this article.

## II. Data Coverage and Methodology<sup>2</sup>

### II.1 Sample Size

The sample covers a panel of about 2,000 public and private limited companies, mostly with paid-up capital above ₹5 million in the manufacturing sector. The fieldwork for the survey was carried out by an agency during mid-October to mid-December 2011. The panel of respondents is kept uniform to the extent possible with periodic updating in the case of addition of new companies or exclusion of closed/merged companies. The sample is chosen so as to get a good representation of size and industry.

### II.2 Response to the Survey

The survey elicited response from 1,450 (response rate 72.5%) manufacturing companies.

### II.3 Survey Schedule

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

## III. Survey Findings

### III.1 Demand conditions

The survey collects perceptions of the Indian manufacturers about prominent demand-related

<sup>2</sup> The methodology used for the analysis has been provided in the article Quarterly Industrial Outlook Surveys: Trends since 2001 in October 2009 Bulletin.

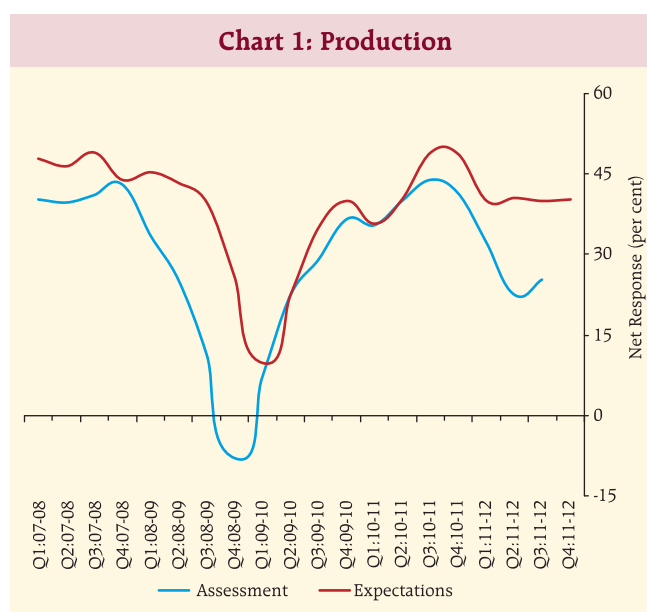
parameters, namely, Production, Order Books, Capacity Utilisation, Inventory, Exports and Imports.

### III.1.1 Production

The net response favouring higher production registered a marginal improvement to 25.3 per cent from 22.6 per cent for the assessment quarter and to 40.4 per cent from 39.9 per cent for the expectation quarter (Table 1 and Chart 1).

### III.1.2 Order Books

However the demand condition in manufacturing companies, as measured by order books position



**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
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	1,504	42.5	14.4	43.0	28.1	45.9	7.5	46.6	38.4
Jul-Sep 11	1,528	37.9	17.6	44.5	20.3	45.4	9.4	45.2	35.9
Oct-Dec 11	1,450	36.9	18.5	44.6	18.4	43.5	10.1	46.4	33.4
Jan-Mar 12						42.3	11.0	46.7	31.3

'Increase' in order books is optimistic.

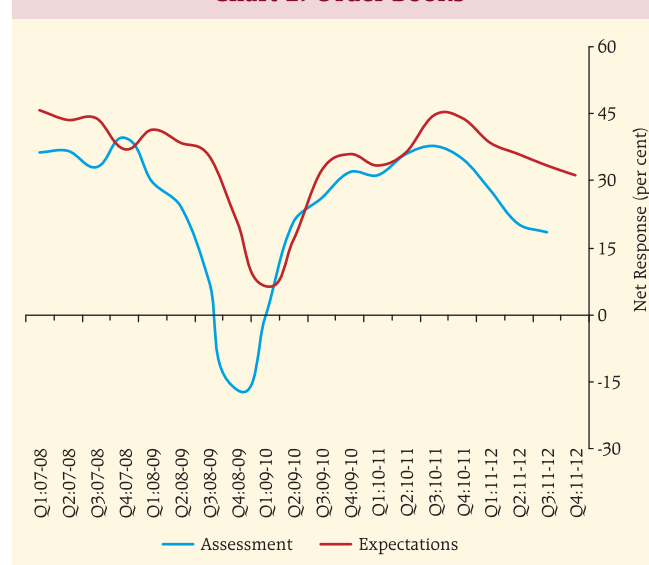
showed a marginal decline in net responses for both the quarters under review (Table 2 and Chart 2).

### III.1.3 Pending Order

The pending order position was at normal or below normal level for most of the companies in assessment quarter and is expected to remain there in the expectation quarter (Table 3 and Chart 3).

### III.1.4 Capacity Utilisation (CU)

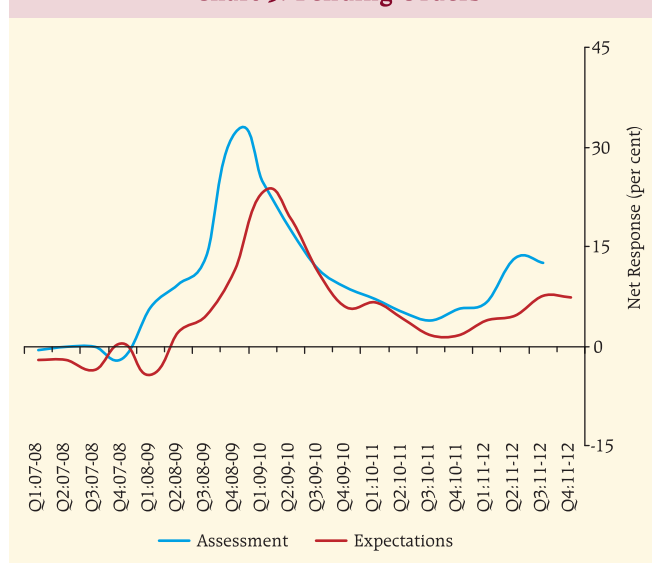
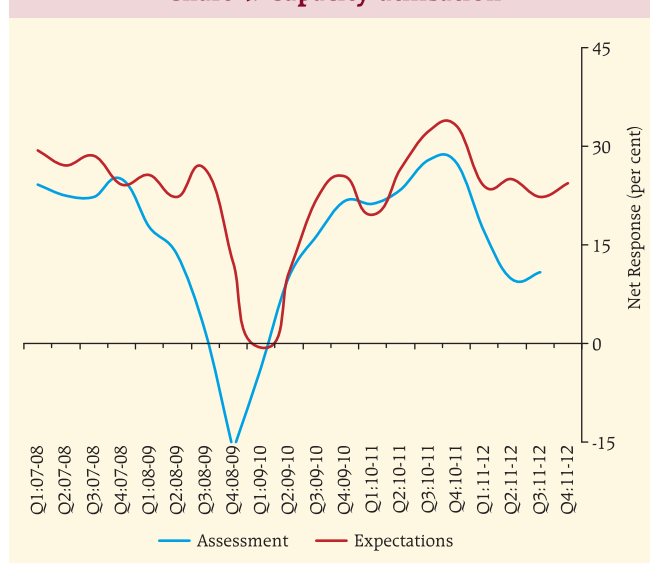
The survey collects views of manufacturing companies on change in CU level (increase/decrease / no change) for the main product, level of CU compared to the average in the last four quarters (above normal/ below normal/ normal); and assessment of production capacity with regard to expected demand in the next

**Chart 2: Order Books****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
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	1,504	13.3	6.7	80.0	6.5	10.4	6.6	83.0	3.9
Jul-Sep 11	1,528	18.0	4.7	77.3	13.3	11.8	7.2	81.0	4.5
Oct-Dec 11	1,450	17.5	5.0	77.5	12.6	13.6	6.0	80.4	7.6
Jan-Mar 12						13.7	6.5	79.8	7.3

Pending Orders 'Below Normal' is optimistic.

**Chart 3: Pending Orders****Chart 4: Capacity utilisation**

six months (more than adequate/less than adequate/adequate).

While about 57 per cent of the respondents reported 'no change' in the CU of their main product, a marginal improvement in net response was reported for both the quarters (Table 4 and Chart 4).

**Table 4: Assessment & Expectations for Capacity Utilisation**

		(Percentage responses) #			
Parameter	Options	Assessment for Quarter		Expectations for Quarter	
		Jul-Sep 11	Oct-Dec 11	Oct-Dec 11	Jan-Mar 12
Capacity Utilisation (main product)	Increase	26.4	26.9	32.1	34.5
	No Change	57.0	56.9	57.9	55.3
	Decrease	16.5	16.1	10.0	10.2
	Net Response	9.9	10.8	22.2	24.3
Level of Capacity Utilisation (compared to the average in last 4 quarters)	Above normal	10.8	12.7	12.7	13.6
	Normal	72.0	69.0	75.0	73.8
	Below Normal	17.2	18.3	12.3	12.7
	Net Response	-6.4	-5.6	0.3	0.9
Assessment of Prod. Capacity (with regard to expected demand in next 6 months)	More than adequate	13.2	11.3	14.2	12.1
	Adequate	78.8	80.2	79.1	80.5
	Less than adequate	8.0	8.5	6.7	7.4
	Net Response	5.2	2.8	7.4	4.7

'Increase' in capacity utilisation is optimistic.

### III.1.5 Inventory of Raw Materials & Finished Goods

Majority of the respondents (78 to 83 per cent) reported to have the average level of inventory of raw materials and inventory of finished goods for the assessment as well as expectation quarter (Table 5). The sentiments on the inventory position relatively remained same as compared with previous round of the survey.

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

		(Percentage responses) #			
Parameter	Options	Assessment for Quarter		Expectations for Quarter	
		Jul-Sep 11	Oct-Dec 11	Oct-Dec 11	Jan-Mar 12
Inventory of raw material	Below average	6.9	7.1	5.4	5.0
	Average	79.6	78.5	84.0	82.7
	Above average	13.5	14.4	10.6	12.3
	Net Response	-6.6	-7.3	-5.2	-7.3
Inventory of Finished goods	Below average	6.3	6.3	5.1	5.2
	Average	77.9	78.6	83.4	82.8
	Above average	15.8	15.1	11.5	12.0
	Net Response	-9.5	-8.9	-6.5	-6.8

Inventory of raw material and finished goods 'Below average' is optimistic.

**Table 6: Assessment & Expectations for Exports**

(Percentage responses) #

Survey Quarter	Total response	Assessment for Current Quarter				Expectation for Next Quarter			
		Increase	Decrease	No change	Net response	Increase	Decrease	No change	Net response
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	1,504	31.8	13.6	54.6	18.2	33.4	9.4	57.1	24.0
Jul-Sep 11	1,528	28.7	15.7	55.6	13.1	35.1	9.2	55.7	25.8
Oct-Dec 11	1,450	26.8	15.3	57.9	11.5	32.7	10.6	56.8	22.1
Jan-Mar 12						29.0	10.4	60.6	18.6

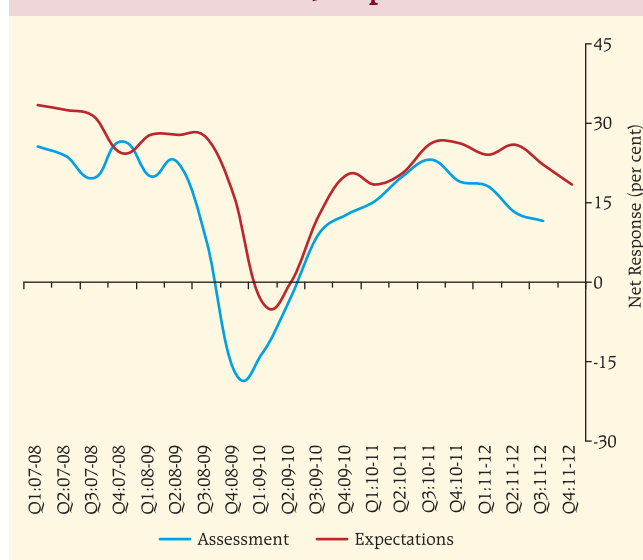
'Increase' of exports is optimistic.

### III.1.6 Exports and Imports

The survey reveals lower optimism of the manufacturing sector in terms of growth in exports and imports. The net response for exports declined to 11.5 per cent from 13.1 per cent whereas, for imports it declined to 11.6 per cent from 15.7 per cent in the assessment quarter. Similar decline in net response for exports and imports is expected for the expectation quarter (Table 6, Table 7 and Chart 5, Chart 6).

### III.1.7 Employment Situation

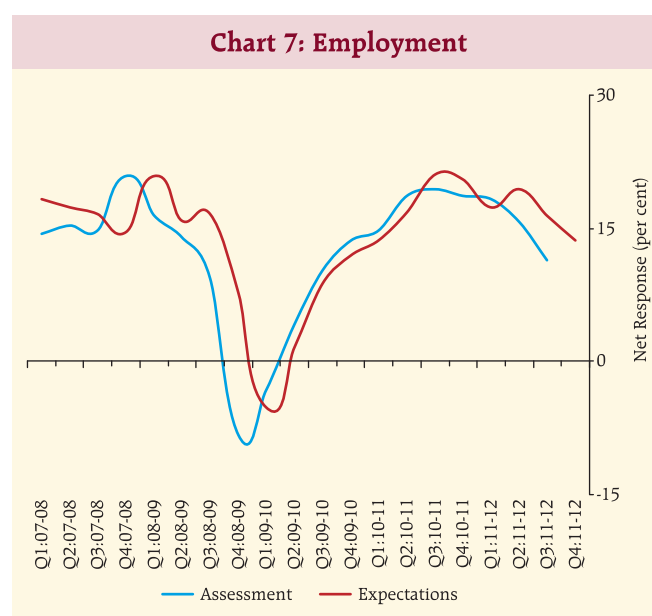
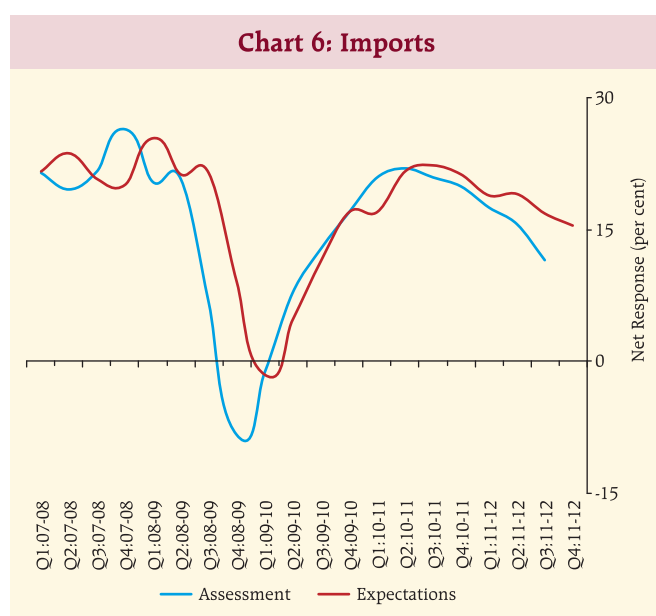
About 74 per cent of the respondents reported 'no change' in their labour force in the assessment quarter and outlook for employment also remained same. However, the net response for increased

**Chart 5: Exports****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
Jul-Sep 09	1,180	21.8	14.0	64.2	7.8	17.0	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	1,504	25.0	7.4	67.6	17.6	25.1	6.2	68.6	18.9
Jul-Sep 11	1,528	23.3	7.6	69.2	15.7	25.1	6.1	68.9	19.0
Oct-Dec 11	1,450	20.8	9.3	69.9	11.6	23.1	6.2	70.7	16.9
Jan-Mar 12						23.0	7.5	69.4	15.5

'Increase' in imports is optimistic.



employment declined further in both the quarters under review (Table 8, Chart 7).

### III.2 Financial Conditions

The survey assesses sentiments about financial conditions based on the parameters, *viz.*, overall financial situation, working capital finance requirement (excluding internal sources of funds), and availability of finance (both internal and external sources), cost of external finance, cost of raw material, selling price and profit margin.

### III.2.1 Overall Financial Situation

**Overall financial situation** showed further decline in optimism in the assessment quarter. The net response for better financial situation in assessment quarter decreased to 11.2 per cent from 11.7 per cent in the previous quarter. The manufacturers also foresee decline in overall financial situation for the expectation quarter as the net response is expected to decline to 25.2 per cent from 26.3 per cent (Table 9, Chart 8).

**Table 8: Assessment & Expectations for Employment Outlook**

(Percentage responses) #

Survey Quarter	Total response	Assessment for Current Quarter				Expectation for Next Quarter			
		Increase	Decrease	No change	Net response	Increase	Decrease	No change	Net response
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	1,504	24.3	6.1	69.6	18.2	23.0	5.6	71.4	17.4
Jul-Sep 11	1,528	22.7	7.1	70.2	15.6	24.0	4.6	71.5	19.4
Oct-Dec 11	1,450	18.9	7.6	73.5	11.3	21.7	5.2	73.1	16.5
Jan-Mar 12						19.3	5.7	75.0	13.6

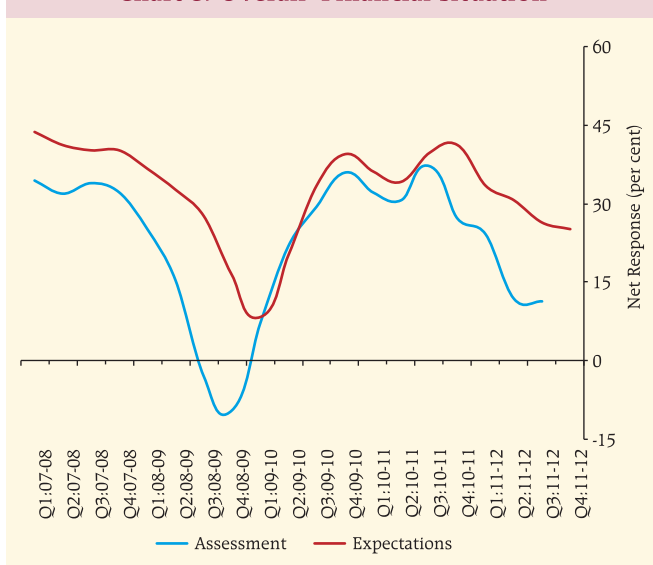
'Increase' in employment is optimistic.

**Table 9: Assessment & Expectations for Overall Financial Situation**

(Percentage responses) #

Survey Quarter	Total response	Assessment for Current Quarter				Expectation for Next Quarter			
		Better	Worsen	No change	Net response	Better	Worsen	No change	Net response
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	1,504	34.5	10.4	55.0	24.1	38.6	5.2	56.1	33.4
Jul-Sep 11	1,528	27.8	16.0	56.2	11.7	37.4	6.8	55.7	30.6
Oct-Dec 11	1,450	28.1	16.9	55.0	11.2	35.5	9.2	55.3	26.3
Jan-Mar 12						35.3	10.2	54.5	25.2

Overall financial situation 'Better' is optimistic.

**Chart 8: Overall Financial situation**

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

The sentiment for **working capital finance requirement (WCFR)** (excluding internal source of funds) in the assessment quarter improved with net response increasing to 33.3 per cent from 31.1 per cent. However, marginal decline is anticipated for the expectation quarter (Table 10).

The survey showed that higher percentage of respondents assesses/expects Availability of Finance (AF) to worsen in the current/ensuing quarter. The net response on 'Availability of finance' has been on decline in the financial year 2011-12 (Table 11, Chart 9).

**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
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	1,504	41.1	5.4	53.5	35.7	37.4	4.4	58.2	32.9
Jul-Sep 11	1,528	36.8	5.7	57.4	31.1	38.7	5.1	56.3	33.6
Oct-Dec 11	1,450	38.9	5.7	55.4	33.3	38.4	4.2	57.5	34.2
Jan-Mar 12						38.0	4.2	57.8	33.8

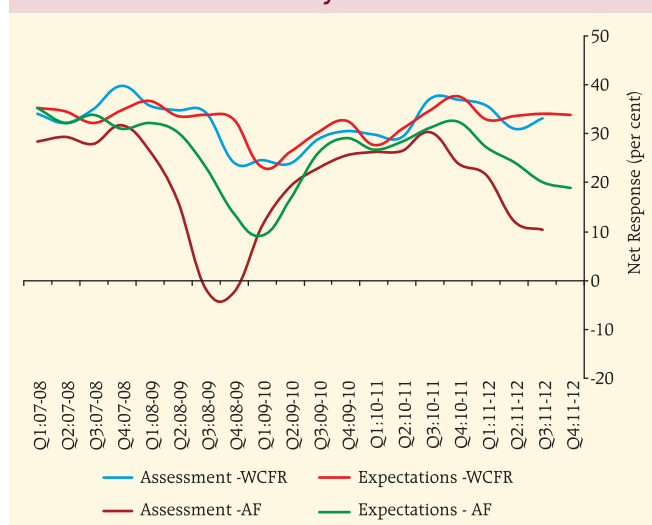
'Increase' in working capital finance is optimistic.

**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
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-Dec10	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	1,504	30.2	8.7	61.1	21.5	32.6	5.3	62.2	27.3
Jul-Sep11	1,528	24.0	12.0	64.0	12.1	30.0	5.8	64.2	24.2
Oct-Dec 11	1,450	24.1	13.7	62.2	10.4	28.7	8.5	62.7	20.2
Jan-Mar 12						28.2	9.1	62.7	19.0

'Improvement' in Availability of finance is optimism.

**Chart 9: Working Capital Finance Requirement & Availability of Finance**

### III.2.3 Cost of External Finance

The perception about rise in the cost of funds remained strong in the assessment quarter. The survey results reveal that 53.4 per cent of the respondents feel that cost of external fund have risen during October-December 2011 (Table 12). However, one quarter ahead outlook signals slight reversed in sentiment about cost of funds.

### III.2.4 Cost of Raw Material

The pressure from cost of raw material (CR) continued to increase in the assessment quarter and expected to elevate further in the next quarter. 66.3 per cent of respondents have reported further increase in cost of raw material in assessment quarter. Similarly 54.1 per cent of the respondents expected the cost of

**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
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	1,504	3.5	52.5	44.1	-49.0	3.9	38.9	57.1	-35.0
Jul-Sep 11	1,528	3.5	53.7	42.9	-50.2	4.0	43.7	52.4	-39.7
Oct-Dec 11	1,450	2.9	53.4	43.7	-50.6	3.4	44.4	52.2	-41.0
Jan-Mar 12						4.1	42.8	53.1	-38.8

Cost of external finance 'Decrease' is optimistic.

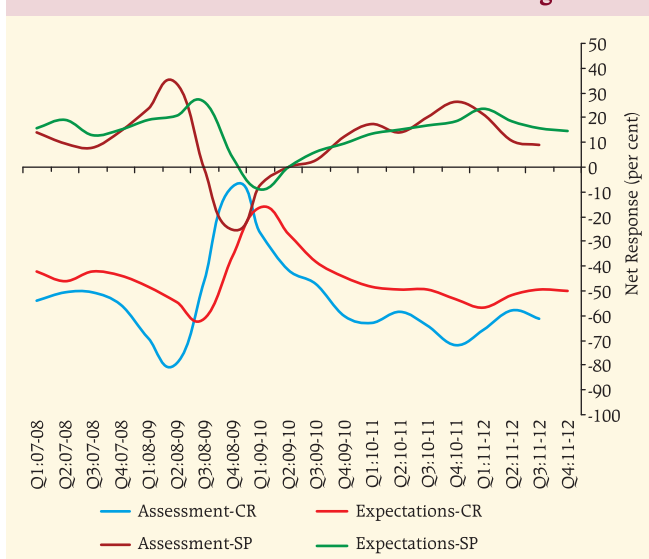


**Table 13: Assessment & Expectations for Cost of Raw Material**

(Percentage responses) #

Survey Quarter	Total response	Assessment for Current Quarter				Expectation for Next Quarter			
		Decrease	Increase	No change	Net response	Decrease	Increase	No change	Net response
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	1,504	4.5	70.0	25.6	-65.5	2.5	59.5	38.0	-57.0
Jul-Sep 11	1,528	5.3	63.3	31.4	-58.1	4.8	56.6	38.6	-51.7
Oct-Dec 11	1,450	5.1	66.3	28.7	-61.2	3.7	53.4	42.9	-49.7
Jan-Mar 12						4.0	54.1	41.9	-50.1

Cost of raw material 'Decrease' is optimistic.

**Chart 10: Cost of Raw Material and Selling Price**

raw material to rise further in the expectation quarter (Table 13, Chart 10).

### III.2.5 Selling Price

The survey seeks responses on change in selling prices (SP) (ex-factory unit prices) of the manufactured products on aggregate basis. Despite a large percentage of respondents reporting cost pressure of raw material and interest, only about 24.6 per cent of them could increase the selling price over the previous quarter. Similar situation is expected in the next quarter as well (Table 14, Chart 10).

### III.2.6 Profit margin

The survey seeks opinion of manufacturing companies on change in profit margin (gross profits

**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
Jul-Sep 09	1,180	19.4	19.2	61.4	0.2	17.2	17.2	65.6	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	1,504	35.0	13.4	51.6	21.5	30.6	7.0	62.4	23.7
Jul-Sep 11	1,528	27.3	16.6	56.1	10.7	29.1	10.7	60.2	18.3
Oct-Dec 11	1,450	24.6	15.7	59.7	8.9	26.8	10.8	62.4	16.0
Jan-Mar 12						25.0	10.3	64.7	14.7

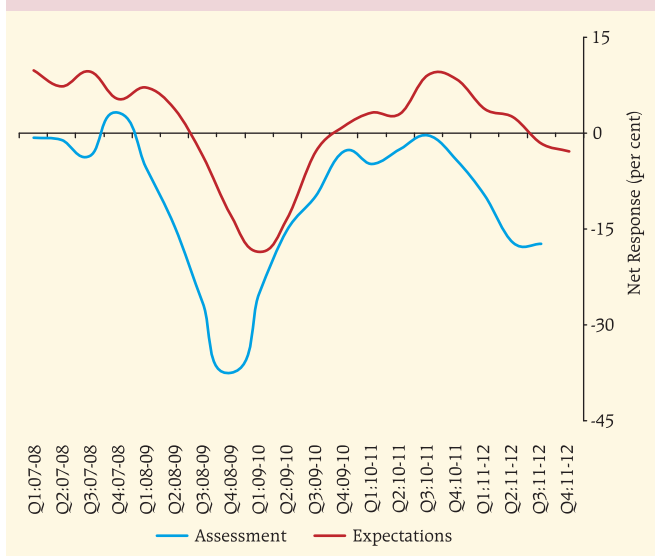
Selling price 'Increase' is optimistic.

**Table 15: Assessment & Expectations for Profit Margin**

(Percentage responses) #

Survey Quarter	Total response	Assessment for Current Quarter				Expectation for Next Quarter			
		Increase	Decrease	No change	Net response	Increase	Decrease	No change	Net response
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	1,504	18.2	28.1	53.6	-9.9	22.2	18.4	59.4	3.8
Jul-Sep 11	1,528	15.2	32.3	52.5	-17.1	22.0	19.5	58.5	2.5
Oct-Dec 11	1,450	15.2	32.5	52.4	-17.3	20.3	21.9	57.8	-1.6
Jan-Mar 12						20.1	23.1	56.8	-2.9

'Increase' in Profit margin is optimistic.

**Chart 11: Profit margin**

as percentage to net sales). Around half of the respondents perceived 'no change' in profit margin, net response on increase in profit margin declined in both the quarters under review (Table 15 and Chart 11). This may be indication of lower pricing power in the manufacturing sector.

### III.3 Overall Business Situation

#### III.3.1 Overall Business Situation

The **overall business situation** is a parameter that captures the overall confidence of manufacturing companies. The net response of the overall business situation for assessment quarter further declined to 17.7 per cent from 18.7 per cent in the previous quarter. The net response for expectation quarter also showed similar trend (Table 16, Chart 12).

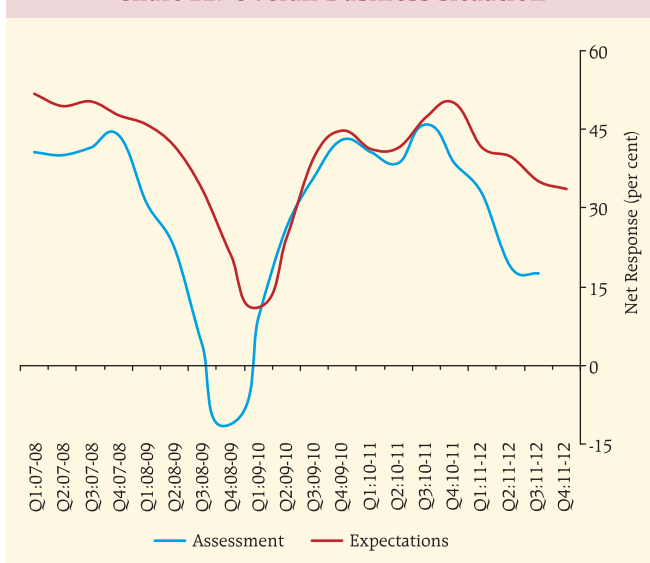
**Table 16: Assessment & Expectations of Overall Business Situation**

(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
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	1,504	42.8	10.1	47.1	32.6	47.0	5.6	47.4	41.4
Jul-Sep 11	1,528	34.1	15.4	50.5	18.7	46.6	6.8	46.6	39.8
Oct-Dec 11	1,450	35.2	17.5	47.3	17.7	43.1	8.0	48.9	35.2
Jan-Mar 12						43.6	10.0	46.5	33.6

Overall Business Situation 'Better' is optimistic.

Chart 12: Overall Business situation



### III.3.2 Business Expectation Index (BEI)

The Business Expectation Index gives a single snapshot of the industrial outlook in each quarter. This index is computed as a weighted average of net responses from all the industries on nine select performance parameters where the weights are the industry's share in Gross Value Added (GVA). The selected parameters are Overall Business Situation, Production, Order Books, Inventory of Raw Materials, Inventory of Finished Goods, Profit Margin, Employment, Exports and Capacity Utilisation. The methodology for compilation of the BEI is given in the article *Quarterly Industrial Outlook Surveys: Trends since 2001* published in October 2009 Bulletin.

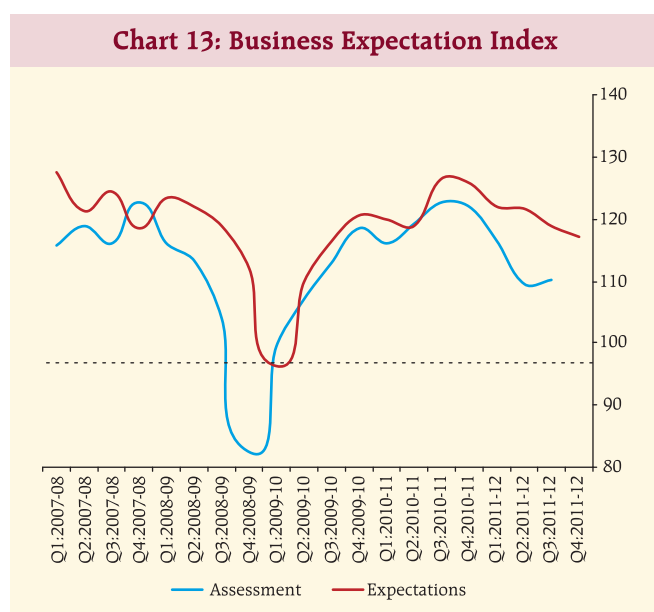
BEI has marginally increased to 110.1 from 109.3 for assessment quarter while it declined to 117.2 from 118.8. (Table 17 Chart 13). A value of BEI above 100 can be considered as positive assessment/outlook on the business sentiment.

### III.3.3 Industry-wise and Size-wise Analysis

**Industry-wise** analysis shows that majority of the industry groups was more pessimistic about input cost and less optimistic about profit margin. However, 'Food products', 'Cement', 'Electrical machinery' and 'Pharmaceuticals' industries reported optimism in demand conditions.

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

Quarter	Assessment			Expectations		
	Index	Change over previous quarter	Change over previous year	Index	Change over previous quarter	Change over previous year
Jan-Mar 00	122.8	-	-			
Apr-Jun 00	115.2	-7.6	-	125.5	-	-
Jul-Sep 00	116.1	0.9	-	126.1	0.6	-
Oct-Dec 00	113.9	-2.2	-	124.4	-1.7	-
Jan-Mar 01	115.2	1.3	-7.6	122.5	-1.8	-
Apr-Jun 01	109.9	-5.3	-5.3	120.7	-1.8	-4.8
Jul-Sep 01	108.7	-1.3	-7.4	118.9	-1.8	-7.2
Oct-Dec 01	100.7	-8.0	-13.2	119.5	0.6	-4.9
Jan-Mar 02	108.4	7.7	-6.8	105.3	-14.2	-17.3
Apr-Jun 02	110.8	2.4	0.9	112.3	7.0	-8.5
Jul-Sep 02	113.2	2.4	4.5	116.7	4.4	-2.2
Oct-Dec 02	113.8	0.6	13.1	121.2	4.6	1.7
Jan-Mar 03	118.4	4.6	10.0	119.7	-1.6	14.4
Apr-Jun 03	109.8	-8.6	-1.0	117.8	-1.8	5.6
Jul-Sep 03	114.3	4.5	1.1	117.2	-0.7	0.5
Oct-Dec 03	119.8	5.4	5.9	122.1	4.9	0.8
Jan-Mar 04	121.4	1.7	3.0	122.2	0.2	2.6
Apr-Jun 04	118.4	-3.0	8.6	121.5	-0.7	3.7
Jul-Sep 04	116.9	-1.5	2.6	120.0	-1.5	2.9
Oct-Dec 04	122.0	5.1	2.2	121.5	1.5	-0.6
Jan-Mar 05	122.5	0.5	1.1	123.2	1.7	1.0
Apr-Jun 05	117.5	-5.0	-0.9	120.7	-2.5	-0.8
Jul-Sep 05	114.9	-2.6	-2.0	119.6	-1.1	-0.4
Oct-Dec 05	124.3	9.4	2.3	122.7	3.1	1.2
Jan-Mar 06	120.7	-3.6	-1.8	125.7	3.0	2.5
Apr-Jun 06	121.8	1.1	4.3	120.5	-5.2	-0.2
Jul-Sep 06	120.7	-1.1	5.8	126.5	6.0	6.9
Oct-Dec 06	123.9	3.2	-0.4	125.3	-1.2	2.6
Jan-Mar 07	127.7	3.8	7.0	126.5	1.2	0.8
Apr-Jun 07	115.8	-11.9	-6.0	127.5	1.0	7.0
Jul-Sep 07	118.9	3.1	-1.8	121.1	-6.4	-5.4
Oct-Dec 07	115.9	-3.0	-8.0	124.4	3.3	-0.9
Jan-Mar 08	122.8	6.9	-4.9	118.6	-5.8	-7.9
Apr-Jun 08	116.2	-6.6	0.4	123.2	4.6	-4.3
Jul-Sep 08	113.4	-2.8	-5.5	122.1	-1.1	1.0
Oct-Dec 08	104.1	-9.3	-11.8	118.9	-3.2	-5.5
Jan-Mar 09	82.6	-21.5	-40.2	111.9	-7.0	-6.7
Apr-Jun 09	99.4	16.8	-16.8	96.4	-15.5	-26.8
Jul-Sep 09	107.2	7.8	-6.2	109.9	13.5	-12.2
Oct-Dec 09	112.8	5.6	8.7	116.4	6.5	-2.5
Jan-Mar 10	118.5	5.7	35.9	120.6	4.2	8.7
Apr-Jun 10	115.9	-2.6	16.5	119.8	-0.8	23.4
Jul-Sep 10	119.0	3.1	11.8	118.8	-1.0	8.9
Oct-Dec 10	122.8	3.8	10.0	126.5	7.7	10.1
Jan-Mar 11	122.0	-0.8	3.5	125.9	-0.6	5.3
Apr-Jun 11	116.3	-5.7	0.4	121.9	-4.0	2.1
Jul-Sep 11	109.4	-6.93	-9.67	121.5	-0.4	2.7
Oct-Dec 11	110.1	0.8	-12.7	118.8	-2.7	-7.7
Jan-Mar 12				117.2	-1.6	-8.7



**Size-wise analysis** shows that there was higher optimism for demand conditions for bigger size

companies (Annual Production of ₹10 billion and above) as compared with their smaller counterpart; however, these companies were less optimistic on financial conditions (Table 18).

### III.3.4 Constraints for attaining the normal production level

About 50 per cent of companies reported **Production Constraints** for attaining the normal production level during the quarter **October-December 2011**. Major constraints reported are *lack of domestic demand, shortage of power, shortage of working capital finance and uncertainty in economic environment*.

Industry-wise break-up reveals that companies in the industry groups, *viz*, Textiles and Basic metals felt higher production as compared to other industries. (Table 19).

**Table 18: Size-wise analysis: Annual Production and Paid-up Capital (PUC) for Assessment quarter (Net response in per cent)**

Parameter	PUC-wise						Production-wise					
	Small		Medium		Big		Small		Medium		Big	
	Round 55	Round 56	Round 55	Round 56	Round 55	Round 56	Round 55	Round 56	Round 55	Round 56	Round 55	Round 56
Overall business situation	20.7	18.8	36.9	16.9	36.3	25.6	33.6	15.3	36.4	21.6	42.4	12.1
Overall Financial situation	16.4	10.9	27.6	10.3	31.1	24.4	23.7	7.8	28.6	15.2	27.1	8.9
Working Capital Finance Requirement	22.0	27.9	34.9	34.5	33.0	30.2	28.9	28.1	37.4	39.2	32.2	40.0
Availability of Finance	7.9	10.9	21.9	10.6	14.3	7.0	16.9	8.7	23.4	14.5	33.3	2.1
Cost of external finance	-30.1	-36.9	-41.7	-51.8	-42.2	-57.0	-34.5	-40.7	-45.5	-55.0	-43.1	-66.0
Production	26.9	19.1	41.2	24.9	40.4	41.9	37.2	19.4	41.5	27.8	37.9	35.6
Order Books	27.0	14.2	33.9	17.6	37.3	38.6	32.5	14.9	33.9	20.5	27.8	22.6
Pending Orders, if applicable	14.7	15.6	7.1	13.1	7.2	-3.0	10.5	16.3	5.6	10.2	-2.0	7.4
Cost of raw materials	-56.7	-65.9	-48.8	-60.8	37.4	-57.6	-54.7	-63.3	-45.6	-59.1	-47.5	-61.6
Inventory of raw materials	-4.9	-5.7	-5.1	-7.4	0.0	-8.3	-1.8	-2.6	-8.0	-10.8	-1.8	-10.1
Inventory of Finished Goods	-3.7	-5.0	-6.4	-9.2	2.2	-10.8	-4.1	-4.2	-7.8	-12.1	-10.3	-13.0
Capacity utilisation	6.7	9.3	23.3	10.1	26.4	23.5	18.0	5.9	24.3	14.5	23.7	13.9
Level of capacity utilisation	-1.8	-5.5	0.0	-6.3	-7.7	3.5	-4.9	-13.1	3.9	1.1	0.0	-4.2
Assessment of the production capacity	6.2	0.6	7.6	3.4	11.0	0.0	4.3	-1.2	9.9	5.0	10.3	8.4
Employment in the company	6.7	11.5	16.7	11.6	7.7	7.0	7.4	7.5	19.6	13.0	1.7	17.9
Exports, if applicable	9.8	2.5	23.3	12.7	26.0	8.7	14.0	4.9	27.9	15.9	30.8	16.2
Imports, if any	6.9	2.5	18.2	12.4	20.2	14.5	13.6	5.8	19.7	14.5	18.5	18.4
Selling prices	14.2	5.5	16.0	8.8	21.8	16.7	13.5	3.8	17.7	12.1	25.9	14.1
If increase expected in selling prices, rate of such increase	13.6	17.9	17.4	20.0	5.5	22.7	17.5	20.7	16.5	17.1	20.5	28.1
Profit Margin	-16.1	-18.2	-0.7	-18.4	5.6	0.0	-7.4	-21.8	2.0	14.8	-5.2	-11.2

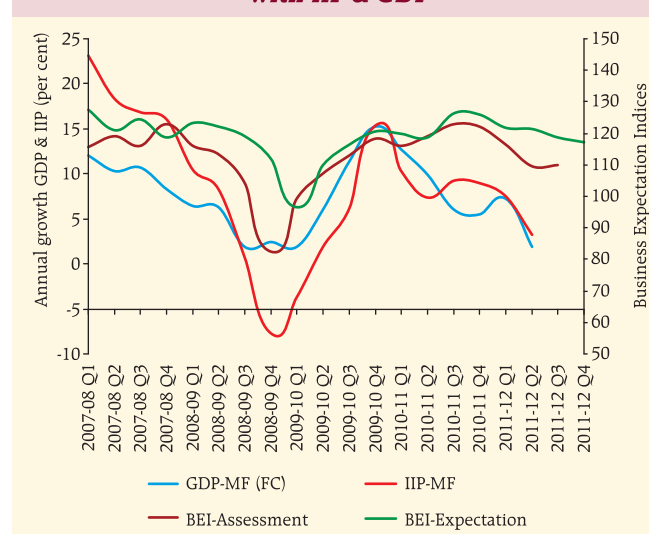
- Smaller companies (annual production less than ₹1 billion /PUC less than ₹10 million).
- Medium companies (annual production between ₹1 billion to ₹10 billion /PUC between ₹10 million to ₹1 billion).
- Big companies (annual production above ₹10 billion / PUC above ₹1 billion).

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

	Production Constraint			
	NO		YES	
	Count	per cent	Count	per cent
Food Products	63	45.7	75	54.3
Textiles	62	33.0	126	67.0
Basic Metals And Metal Products	87	42.2	119	57.8
Electrical Machinery	48	50.0	48	50.0
Other Machinery And Apparatus	94	53.1	83	46.9
Transport Equipment	45	47.4	50	52.6
Fertilizers	20	62.5	12	37.5
Pharmaceutical And Medicines	66	66.7	33	33.3
Basic Chemicals	58	58.0	42	42.0
Rubber And Plastic Products	38	48.1	41	51.9
Paper And Paper Products	19	46.3	22	53.7
Cement	16	44.4	20	55.6
Wood And Wood Products	12	63.2	7	36.8
Diversified	14	70.0	6	30.0
Other Industries	75	60.5	49	39.5
<b>All companies</b>	<b>717</b>	<b>49.4</b>	<b>733</b>	<b>50.6</b>

### III.3.5 Survey Results and Official Statistics

Chart 14 shows that the movements of annual growth rates of quarterly GDP-Manufacturing, IIP-

**Chart 14: Business Expectation Index along with IIP & GDP**

Manufacturing (Base 2004-05) and the BEI based on assessment and expectations. It is observed that BEI has captured most of the turning points of the official statistics.

**Statement 1: Assessment and Expectation of the Industrial Performance for  
October-December 2011 and January-March 2012**

(Percentage of responding companies)#

Parameter	Assessment				Expectations			
	Optimistic (Positive)	Pessimistic (Negative)	No Change	Net response (Col. 2 - Col. 3)	Optimistic (Positive)	Pessimistic (Negative)	No Change	Net response (Col. 6 - Col. 7)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1 Overall business situation	35.2	17.5	47.3	17.7	43.6	10.0	46.5	33.6
2 Overall Financial situation	28.1	16.9	55.0	11.2	35.3	10.2	54.5	25.2
3 Working Capital Finance Requirement	38.9	5.7	55.4	33.3	38.0	4.2	57.8	33.8
4 Availability of Finance	24.1	13.7	62.2	10.4	28.2	9.1	62.7	19.0
5 Cost of external finance	2.9	53.4	43.7	-50.6	4.1	42.8	53.1	-38.8
6 Production	42.2	16.9	41.0	25.3	49.8	9.5	40.7	40.4
7 Order Books	36.9	18.5	44.6	18.4	42.3	11.0	46.7	31.3
8 Pending Orders, if applicable	17.5	5.0	77.5	12.6	13.7	6.5	79.8	7.3
9 Cost of raw materials	5.1	66.3	28.7	-61.2	4.0	54.1	41.9	-50.1
10 Inventory of raw materials	7.1	14.4	78.5	-7.3	5.0	12.3	82.7	-7.3
11 Inventory of Finished Goods	6.3	15.1	78.6	-8.9	5.2	12.0	82.8	-6.8
12 Capacity utilisation	26.9	16.1	56.9	10.8	34.5	10.2	55.3	24.3
13 Level of capacity utilisation	12.7	18.3	69.0	-5.6	13.6	12.7	73.8	0.9
14 Assessment of the production capacity	11.3	8.5	80.2	2.8	12.1	7.4	80.5	4.7
15 Employment in the company	18.9	7.6	73.5	11.3	19.3	5.7	75.0	13.6
16 Exports, if applicable	26.8	15.3	57.9	11.5	29.0	10.4	60.6	18.6
17 Imports, if any	20.8	9.3	69.9	11.6	23.0	7.5	69.4	15.5
18 Selling prices	24.6	15.7	59.7	8.9	25.0	10.3	64.7	14.7
19 If increase expected in selling prices, rate of such increase	27.6	7.6	64.8	19.9	24.9	9.1	65.9	15.8
20 Profit Margin	15.2	32.5	52.4	-17.3	20.1	23.1	56.8	-2.9

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

**Statement 2: Net responses on Assessment of Industrial Performance over last  
9 quarterly rounds of Industrial Outlook Survey**

Parameter	Optimistic Response	Oct-Dec 2009	Jan-Mar 2010	Apr-Jun 2010	Jul-Sep 2010	Oct-Dec 2010	Jan-Mar 2011	Apr-Jun 2011	Jul-Sep 2011	Oct-Dec 2011
		(1256)	(1079)	(1092)	(1403)	(1561)	(1524)	(1504)	(1528)	(1450)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1 Overall business Situation	Better	36.0	43.1	40.7	38.7	45.9	38.6	32.6	18.7	17.7
2 Overall Financial situation	Better	29.5	35.8	32.2	30.6	37.1	27.1	24.1	11.7	11.2
3 Working Capital Finance Requirement	Increase	28.8	30.5	29.9	29.3	37.1	36.9	35.7	31.1	33.3
4 Availability of Finance	Improve	23.0	25.7	26.4	26.6	30.3	23.8	21.5	12.1	10.4
5 Cost of external finance	Decrease	-14.7	-15.9	-21.9	-28.3	-33.9	-42.5	-49.0	-50.2	-50.6
6 Production	Increase	28.9	36.5	35.4	40.0	43.9	41.4	32.1	22.6	25.3
7 Order Books	Increase	25.9	31.9	31.3	36.1	37.9	34.7	28.1	20.3	18.4
8 Pending Orders, if applicable	Below normal	11.6	8.8	6.9	5.1	3.9	5.5	6.5	13.3	12.6
9 Cost of raw materials	Decrease	-47.1	-60.2	-62.7	-58.3	-63.9	-71.9	-65.5	-58.1	-61.2
10 Inventory of raw materials	Below average	-4.2	-5.8	-5.0	-5.3	-6.2	-7.8	-5.7	-6.6	-7.3
11 Inventory of Finished Goods	Below average	-4.3	-4.3	-4.1	-4.3	-3.9	-6.5	-7.0	-9.5	-8.9
12 Capacity utilisation	Increase	16.5	21.7	21.1	23.3	27.9	27.4	17.2	9.9	10.8
13 Level of capacity utilisation	Above normal	-3.9	3.0	2.5	3.1	5.6	4.9	-0.7	-6.4	-5.6
14 Assessment of the production capacity	More than adequate	5.3	6.4	3.1	3.3	2.9	4.4	4.3	5.2	2.8
15 Employment in the company	Increase	10.3	13.7	14.7	18.7	19.4	18.7	18.2	15.6	11.3
16 Exports, if applicable	Increase	9.2	12.7	15.3	20.0	23.1	18.9	18.2	13.1	11.5
17 Imports, if any	Increase	13.0	17.1	20.9	22.0	20.9	19.9	17.6	15.7	11.6
18 Selling prices	Increase	2.6	12.4	17.3	13.8	20.2	26.5	21.5	10.7	8.9
19 If increase expected in selling prices, rate of such increase	Increase at lower rate	19.3	21.6	17.4	15.2	15.2	12.1	14.8	21.0	19.9
20 Profit Margin	Increase	-9.9	-2.9	-4.8	-2.5	-0.4	-4.3	-9.9	-17.1	-17.3

**Note:** Figures in bracket represent number of companies covered in the survey.

**Statement 3: Net responses on Expectations of Industrial Performance over last 9 quarterly rounds of Industrial Outlook Survey**

Parameter	Optimistic Response	Jan-Mar 2010	Apr-Jun 2010	Jul-Sep 2010	Oct-Dec 2010	Jan-Mar 2011	Apr-Jun 2011	Jul-Sep 2011	Oct-Dec 2011	Jan-Mar 2012
		(1256)	(1079)	(1092)	(1403)	(1561)	(1524)	(1504)	(1528)	(1450)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1 Overall business Situation	Better	44.9	41.2	41.5	47.5	50.1	41.4	39.8	35.2	33.6
2 Overall Financial situation	Better	39.3	36.3	34.1	39.6	41.1	33.4	30.6	26.3	25.2
3 Working Capital Finance Requirement	Increase	32.7	27.7	31.1	34.8	37.8	32.9	33.6	34.2	33.8
4 Availability of Finance	Improve	29.2	26.8	28.5	31.3	32.3	27.3	24.2	20.2	19.0
5 Cost of external finance	Decrease	-18.3	-20.6	-23.3	-28.3	-31.3	-35.0	-39.7	-41.0	-38.8
6 Production	Increase	40.0	35.9	40.2	49.1	48.6	40.0	40.6	39.9	40.4
7 Order Books	Increase	35.8	33.4	36.3	44.8	44.0	38.4	35.9	33.4	31.3
8 Pending Orders, if applicable	Below normal	5.7	6.5	4.2	1.5	1.7	3.9	4.5	7.6	7.3
9 Cost of raw materials	Decrease	-44.3	-48.6	-49.3	-49.3	-53.6	-57.0	-51.7	-49.7	-50.1
10 Inventory of raw materials	Below average	-3.6	-2.6	-5.1	-6.6	-5.6	-3.3	-2.9	-5.2	-7.3
11 Inventory of Finished Goods	Below average	-1.9	-2.6	-5.0	-2.8	-3.0	-2.9	-3.1	-6.5	-6.8
12 Capacity utilisation	Increase	25.4	19.7	26.5	32.3	33.1	24.0	25.0	22.2	24.3
13 Level of capacity utilisation	Above normal	1.3	1.6	5.8	7.2	9.5	4.4	4.3	0.3	0.9
14 Assessment of the production capacity	More than adequate	5.0	7.1	4.1	5.6	3.4	5.0	5.3	7.4	4.7
15 Employment in the company	Increase	12.1	13.6	16.8	21.0	20.6	17.4	19.4	16.5	13.6
16 Exports, if applicable	Increase	20.2	18.5	20.7	26.1	26.3	24.0	25.8	22.1	18.6
17 Imports, if any	Increase	16.9	17.1	21.7	22.2	21.3	18.9	19.0	16.9	15.5
18 Selling prices	Increase	9.8	13.3	15.2	17.0	18.6	23.7	18.3	16.0	14.7
19 If increase expected in selling prices, rate of such increase	Increase at lower rate	16.8	19.7	14.3	13.0	13.1	9.6	13.1	16.2	15.8
20 Profit Margin	Increase	1.1	3.2	3.1	9.2	8.3	3.8	2.5	-1.6	-2.9

**Note:** Figures in bracket represent number of companies covered in the survey.



## Annex



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

**INDUSTRIAL OUTLOOK SURVEY, OCTOBER-DECEMBER 2011**  
**(ROUND 56)**

<b>Sample company code:</b> (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 

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- 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 (please submit the fill-in-survey schedule before December 15, 2011)

Seal of the Company after filling-in the Schedule

**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 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		<b>Broad Industry Group</b>			

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

**Block 5: Assessment for the current quarter (October-December 2011) and Expectations for the next quarter January-March 2012)**

Code	Parameter	Current Quarter (October-December 2011)			Next Quarter (January-March 2012)		
		Please tick (√) changes over July-September 2011 quarter			Please tick (√) changes over (October-December 2011) quarter		
		(1)	(2)	(3)	(4)	(5)	(6)
501	Overall business situation	Better	No change	Worsen	Better	No change	Worsen
502	Financial situation (overall)	Better	No change	Worsen	Better	No change	Worsen
503	Working Capital Finance Requirement (excluding internal sources of funds)	Increase	No change	Decrease	Increase	No change	Decrease
504	Availability of Finance (both internal and external sources)	Improve	No change	Worsen	Improve	No change	Worsen
505	Cost of External Finance	Increase	No change	Decrease	Increase	No change	Decrease
506	Production (in quantity terms) (All products)	Increase	No change	Decrease	Increase	No change	Decrease
507	Order Books (in quantity terms), if applicable	Increase	No change	Decrease	Increase	No change	Decrease
508	Pending Orders, if applicable	Above normal	Normal	Below Normal	Above Normal	Normal	Below Normal
509	Cost of raw materials	Increase	No change	Decrease	Increase	No change	Decrease
510	Inventory of raw materials (in quantity terms) @	Above average	Average	Below Average	Above average	Average	Below Average
511	Inventory of Finished Goods (in quantity terms) @	Above average	Average	Below Average	Above Average	Average	Below Average

**Annex (Concl.)**

Code	Parameter	Current Quarter (October-December 2011)			Next Quarter (January-March 2012)		
		<i>Please tick (✓) changes over July-September 2011 quarter</i>			<i>Please tick (✓) changes over (October-December 2011)quarter</i>		
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:	