

## Quarterly Industrial Outlook Survey: April-June 2011 (54th Round)\*

This article presents the survey findings of Industrial Outlook Survey conducted for April-June 2011 quarter, the 54<sup>th</sup> round in the series. It gives the assessment of business situation of companies in manufacturing sector, for the quarter April-June 2011, and their expectations for the ensuing quarter July-September 2011. The survey results signal weakened 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 122.0 to 116.3 for assessment quarter and marginally from 121.9 to 121.5 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 April-June 2011 shows that the business condition in India's manufacturing sector has shown further moderation in the sentiments in assessment as well as expectation quarter.

- The **demand conditions** showed signs of moderation during the *assessment quarter* as compared to the previous round of the survey; however, slight improvement is expected in the *expectation quarter*. Lesser proportion of respondents felt that production at Indian manufacturing sector would increase in the *assessment quarter*, which is also reflected in decline in net response in favour of higher Production, Order books, Capacity Utilisation, Imports and Exports. Moderate demand conditions anticipated by manufacturing sector during *expectation quarter* of the previous survey round is well reflected in *assessment quarter* of the current survey round. The survey signalled slight improvement in Employment outlook.

\* Prepared in the Division of Enterprise Surveys of Department of Statistics and Information Management. The previous article on the subject based on 53<sup>rd</sup> round (January-March 2011) was published in June 2011 Bulletin.

Majority of respondents reported maintaining average level of Inventory of Finished goods and Raw material.

- The **financial condition** showed lower optimism in both the assessment as well as *expectation quarter*. Similar trend was observed for improved availability of finance as net responses declined in both the quarters under review. The cost of external finance is perceived to rise further. The pressure from cost of raw material which mounted in the last few quarters continued in the *assessment quarter* but with nominal decline in net response. Net responses on selling price and profit margin declined in both the quarters under review which indicates lack of adequate pricing power of manufacturing sector. Though the survey signalled less optimism in overall business conditions, better **investment intentions** in fixed capital are expected for 2011-12.
- The **Business Expectation Index** (BEI) for the assessment quarter (April-June 2011) declined from 122.0 to 116.3 and it is expected to decline marginally from 121.9 to 121.5 for the expectation quarter (July-September 2011).
- The **industry-wise** analysis shows that majority of the industry groups reported less optimistic outlook for major performance parameters, viz., Overall Business Situation, Overall Financial Situation, Cost of Raw materials, Profit margin, and the cost of external finance as compared to the previous survey round. However, the outlook for production and employment was reported optimistic by almost all industries.
- **Size-wise analysis** showed lower optimism for almost all major performance parameters across all size groups and more visibly for small and medium size companies (PUC and Production-wise). The impact of higher cost of finance

appeared to be stronger for the bigger companies (Production group ₹100 Crore. and above).

## 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 Methodology<sup>1</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 ₹50 lakh, in the manufacturing sector. The fieldwork for the survey was carried out by an agency during the three-month period ending June 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 1,596 companies (79.8 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 1,504 companies which were included in the analysis.

### II. 3 The Survey Schedule

The survey schedule consists of qualitative questions and the target respondents are senior

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

management personnel or finance heads of the companies. The schedule, canvassed on quarterly basis, runs into three pages containing six 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 54<sup>th</sup> round conducted for *April-June 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 (Statement 1 to 4).

#### III.1.1 Production

The survey seeks the company's assessment for April-June 2011 and expectations for July-September 2011 on change in overall production (in quantity terms for all products put together). The net response favouring higher production registered a decline from 41.4 per cent to 32.1 per cent for the *assessment quarter* and marginal increase from 40.0 per cent to 40.6 per cent for the *expectation quarter* (Table 1 and Chart 1).

#### III.1.2 Order Books

The demand position of the manufacturing companies, as reflected in order books position, has also shown 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 the *assessment quarter*, over the preceding survey round, as some more companies shifted their responses from 'above normal'/'normal' to 'below normal' category. (Table 3 and Chart 3).

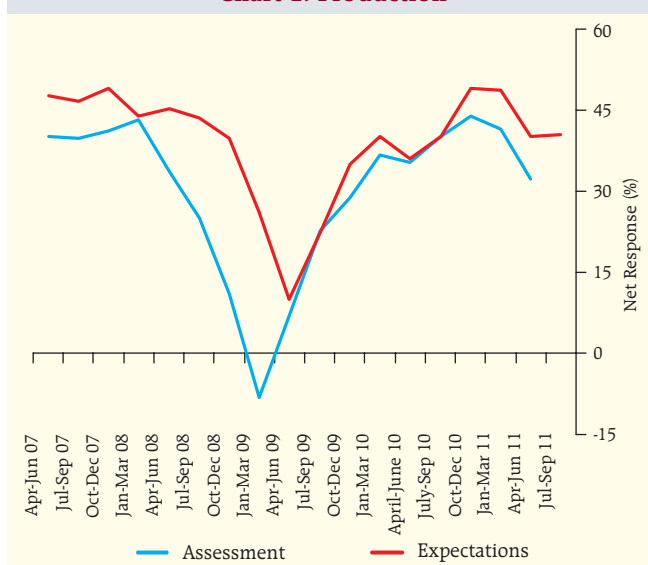
**Table 1: Assessment & Expectations for Production**

(Percentage responses)#

| Survey Quarter | Total response | Assessment for Current Quarter |          |           |              | Expectation for Next Quarter |          |           |              |
|----------------|----------------|--------------------------------|----------|-----------|--------------|------------------------------|----------|-----------|--------------|
|                |                | Increase                       | Decrease | No change | Net response | Increase                     | Decrease | No change | Net response |
|                |                | 1                              | 2        | 3         | 4            | 5                            | 6        | 7         | 8            |
| 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     | 1,504          | 47.8                           | 15.7     | 36.5      | 32.1         | 49.1                         | 9.1      | 41.8      | 40.0         |
| Jul-Sep 11     |                |                                |          |           |              | 49.6                         | 9.0      | 41.5      | 40.6         |

Increase in production is 'optimistic'.

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

**Chart 1: Production**

### 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).

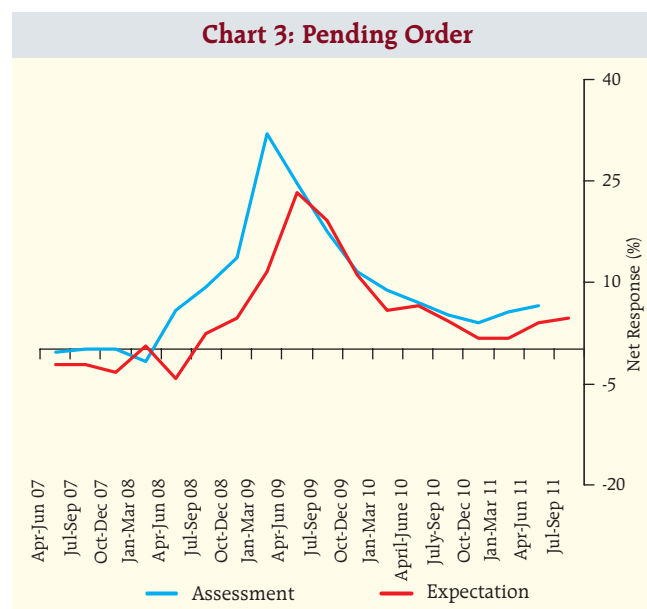
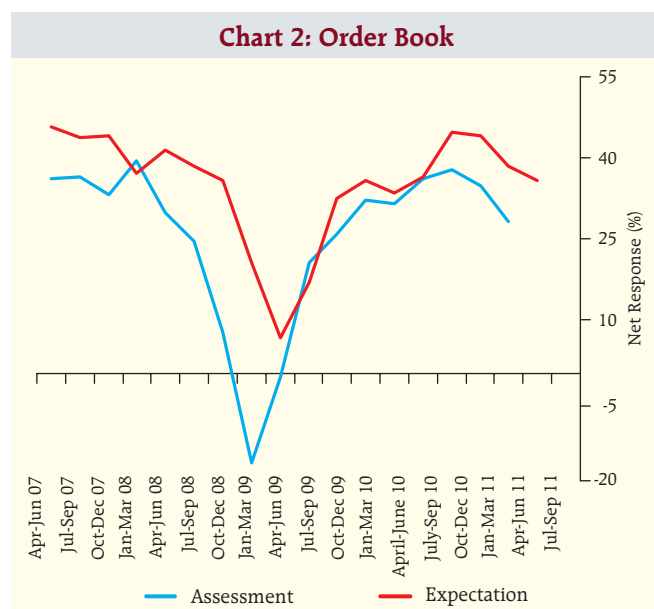
While about 56 per cent of the respondents reported no change in the capacity utilisation of their main product, on net response basis, there is a moderation in capacity utilisation level over previous quarter. However, the level of capacity utilisation is assessed to be normal with respect to average in the

**Table 2: Assessment & Expectations for Order books**

(Percentage responses)

| Survey Quarter | Total response | Assessment for Current Quarter |          |           |              | Expectation for Next Quarter |          |           |              |
|----------------|----------------|--------------------------------|----------|-----------|--------------|------------------------------|----------|-----------|--------------|
|                |                | Increase                       | Decrease | No change | Net response | Increase                     | Decrease | No change | Net response |
|                |                | 1                              | 2        | 3         | 4            | 5                            | 6        | 7         | 8            |
| 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     | 1,504          | 42.5                           | 14.4     | 43.0      | 28.1         | 45.9                         | 7.5      | 46.6      | 38.4         |
| Jul-Sep 11     |                |                                |          |           |              | 45.4                         | 9.4      | 45.2      | 35.9         |

Increase in order books is 'optimistic'.



last four quarters. Also, assessment of production capacity with regard to expected demand in next six months shows that there will be adequate capacity in the July-September 2011 (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 12 per cent of the respondents assessed their raw material inventory levels to be above average during the *assessment quarter*. This proportion is expected to decline marginally in the next quarter.

### III.1.6 Exports and Imports

The external sector development is gauged in the survey through the assessment and expectation of respondents on Exports and Imports. The survey reveals lower optimism of the manufacturing sector

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

(Percentage responses)

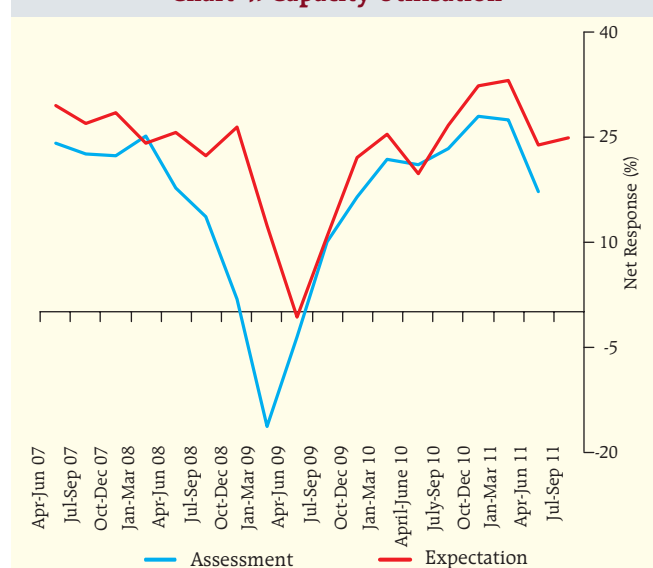
| Survey Quarter | Total response | Assessment for Current Quarter |              |        |              | Expectation for Next Quarter |              |        |              |
|----------------|----------------|--------------------------------|--------------|--------|--------------|------------------------------|--------------|--------|--------------|
|                |                | 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     | 1,504          | 13.3                           | 6.7          | 80.0   | 6.5          | 10.4                         | 6.6          | 83.0   | 3.9          |
| Jul-Sep 11     |                |                                |              |        |              | 11.8                         | 7.2          | 81.0   | 4.5          |

'Below normal' in pending orders is optimistic.

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

| Parameter  | Options            | (Percentage responses) |               |                          |               |
|--|--------------------|------------------------|---------------|--------------------------|---------------|
|  |                    | Assessment for Quarter |               | Expectations for Quarter |               |
|  |                    | Jan-Mar 2011           | Apr-June 2011 | Apr-June 2011            | July-Sep 2011 |
|  | 1                  | 2                      | 3             | 4                        | 5             |
| Capacity Utilisation (main product)  | Increase           | 36.2                   | 30.5          | 31.9                     | 33.9          |
|  | No Change          | 54.9                   | 56.2          | 60.1                     | 57.2          |
|  | Decrease           | 8.8                    | 13.3          | 8.0                      | 8.9           |
|  | Net Response       | 27.4                   | 17.2          | 24.0                     | 25.0          |
| Level of Capacity Utilisation<br>(compared to the average in last 4 quarters)          | Above normal       | 15.5                   | 13.8          | 13.3                     | 14.3          |
|  | Normal             | 73.9                   | 71.7          | 77.9                     | 75.7          |
|  | Below Normal       | 10.6                   | 14.5          | 8.8                      | 10.0          |
|  | Net Response       | 4.9                    | -0.7          | 4.4                      | 4.3           |
| Assessment of Production Capacity<br>(with regard to expected demand in next 6 months) | More than adequate | 11.3                   | 11.8          | 11.2                     | 11.2          |
|  | Adequate           | 81.7                   | 80.8          | 82.7                     | 82.8          |
|  | Less than adequate | 6.9                    | 7.4           | 6.2                      | 5.9           |
|  | Net Response       | 4.4                    | 4.3           | 5.0                      | 5.3           |

Increase in capacity utilisation is 'optimistic'.

**Chart 4: Capacity Utilisation**

in terms of growth in exports and imports. The net response for Exports has marginally declined from 18.9 per cent to 18.2 per cent whereas, for imports it declined from 19.9 per cent to 17.6 per cent in the *assessment quarter*. However, improvement for both exports and imports is expected in the ensuing quarter (Table 6, Table 7 and Chart 5).

### III.1.7 Employment Situation

The Survey seeks responses from the manufacturers about their perceptions on change in employment in their companies covering full-time, part-time and casual labour. Though about 70 per cent of the respondents have reported 'no change' in their labour force, slight moderation is observed in the net response in *assessment quarter* (Table 8 and Chart 6). However, a better employment outlook is expected in

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

| Parameter                   | Options       | (Percentage responses) |               |                          |               |
|-----------------------------|---------------|------------------------|---------------|--------------------------|---------------|
|                             |               | Assessment for Quarter |               | Expectations for Quarter |               |
|                             |               | Jan-Mar 2011           | Apr-June 2011 | Apr-June 2011            | July-Sep 2011 |
|                             | 1             | 2                      | 3             | 4                        | 5             |
| Inventory of raw material   | Below average | 6.3                    | 6.6           | 6.3                      | 5.7           |
|                             | Average       | 79.7                   | 81.1          | 84.2                     | 85.8          |
|                             | Above average | 14.1                   | 12.3          | 9.6                      | 8.5           |
|                             | Net Response  | -7.8                   | -5.7          | -3.3                     | -2.9          |
| Inventory of Finished goods | Below average | 6.6                    | 6.7           | 6.2                      | 6.2           |
|                             | Average       | 80.3                   | 79.5          | 84.8                     | 84.5          |
|                             | Above average | 13.1                   | 13.8          | 9                        | 9.3           |
|                             | Net Response  | -6.5                   | -7.0          | -2.9                     | -3.1          |

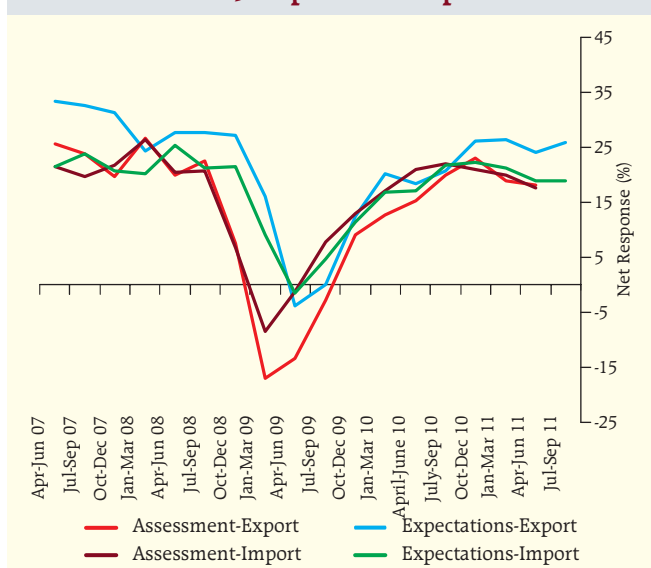
Inventory of raw material 'Below average' is optimistic.

**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        | 0.1          |
| 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     |                |                                |          |           |              | 35.1                         | 9.2      | 55.7      | 25.8         |

Increase of 'exports' is optimistic.

**Chart 5: Exports and Imports**

ensuing quarter as net response has increased to 19.4 from 17.4 per cent.

### III. 2 Financial Parameters

The survey assesses sentiments about financial conditions through the parameters, *viz.*, Overall Financial Situation, Working Capital Finance Requirement (excluding internal sources of funds), Availability of Finance (both internal and external sources), Cost of External Finance, Cost of Raw material, Selling Price and Profit Margin (Statement 1 to 4).

#### III.2.1 Overall Financial Situation

The financial Situation has shown a further lower optimism level in the current survey quarter. The net response for better financial situation in the

**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          | 17.0                         | 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     |                |                                |          |           |              | 25.1                         | 6.1      | 68.9      | 19.0         |

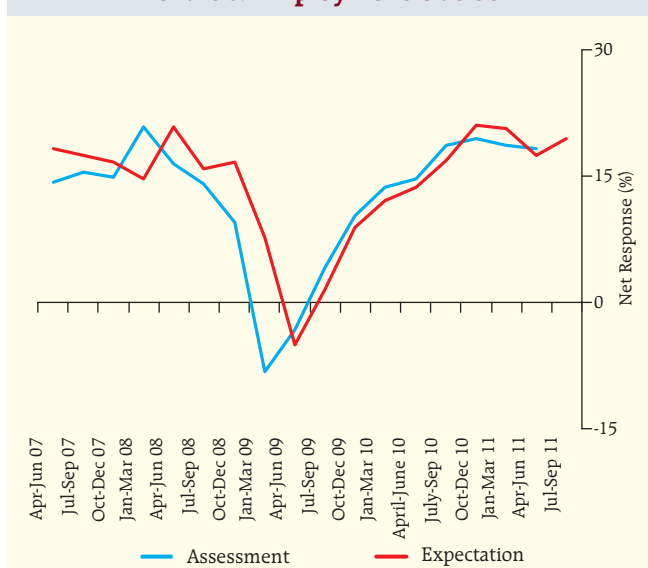
Increase in imports is 'optimistic'.

**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 |
|                |                | 1                              | 2        | 3         | 4            | 5                            | 6        | 7         | 8            |
| 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     | 1,504          | 24.3                           | 6.1      | 69.6      | 18.2         | 23.0                         | 5.6      | 71.4      | 17.4         |
| Jul-Sep 11     |                |                                |          |           |              | 24.0                         | 4.6      | 71.5      | 19.4         |

Increase in employment is 'optimistic'.

**Chart 6: Employment Outlook**

April-June 2011 quarter decreased to 24.1 per cent from 27.1 per cent in the previous quarter. The manufacturers also foresee decline in overall financial situation for the *expectation quarter* as the net response declined to 30.6 per cent from 33.4 per cent a quarter ago (Table 9, Chart 7).

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

In line with lower optimism in production, the sentiment for working capital finance requirement (excluding internal source of funds) in the *assessment quarter* (April-June 2011) has also moderated with net response declining from 36.9 per cent to 35.7 per cent. However, marginal improvement is anticipated for the *expectation quarter* (Table 10).

**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 |
|                |                | 1                              | 2      | 3         | 4            | 5                            | 6      | 7         | 8            |
| 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     | 1,504          | 34.5                           | 10.4   | 55.0      | 24.1         | 38.6                         | 5.2    | 56.1      | 33.4         |
| Jul-Sep 11     |                |                                |        |           |              | 37.4                         | 6.8    | 55.7      | 30.6         |

Overall financial situation 'Better' is optimistic.

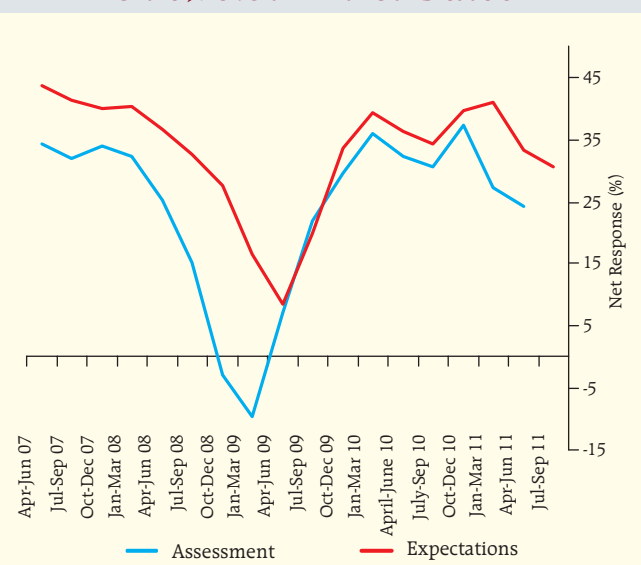
**Table 10: Assessment & Expectations for Working Capital Finance Requirement**

(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     | 1,504          | 41.1                           | 5.4      | 53.5      | 35.7         | 37.4                         | 4.4      | 58.2      | 32.9         |
| July-Sep 11    |                |                                |          |           |              | 38.7                         | 5.1      | 56.3      | 33.6         |

Increase in working capital finance is 'optimistic'.

**Chart 7: Overall Financial Situation**



The survey shows that lower percentage of respondents assesses/expects Availability of Finance to improve in the current/ensuing quarter. This is reflected in the lower net response for both the quarters under review (Table 11, Chart 8).

### 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 52.5 per cent of the respondents feel that the cost of external funds have risen during April-June 2011 (Table 12). One quarter ahead outlook also signals similar sentiment about cost of funds.

### III.2.4 Cost of Raw Material

About 70 per cent of respondents have reported further increase in cost of raw material, though the

**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     | 1,504          | 30.2                           | 8.7    | 61.1      | 21.5         | 32.6                         | 5.3    | 62.2      | 27.3         |
| Jul-Sep 11     |                |                                |        |           |              | 30.0                         | 5.8    | 64.2      | 24.2         |

Improvement in Availability of finance is 'optimistic'.

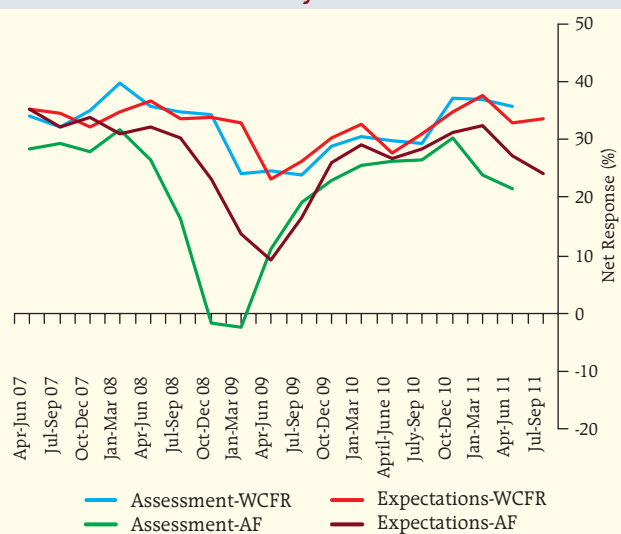


**Table 12: Assessment & Expectations for Cost of External Finance**

(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-Dec 10     | 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     |                |                                |          |           |              | 4.0                          | 43.7     | 52.4      | -39.7        |

Cost of external finance 'Decrease' is optimistic.

**Chart 8: Working Capital Finance Requirement & Availability of Finance**

net response has nominally declined as compared to the previous quarter. A similar scenario is reported in the next quarter (Table 13 Chart 9).

### 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. Net response for selling price has dropped in both the quarters under review, indicating the softening of output prices (Table 14, Chart 9).

### 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 more than half of the respondents perceive no change in profit margin in

**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     | 1,504          | 4.5                            | 70.0     | 25.6      | -65.5        | 2.5                          | 59.5     | 38.0      | -57.0        |
| Jul-Sep 11     |                |                                |          |           |              | 4.8                          | 56.6     | 38.6      | -51.7        |

Cost of raw material 'Decrease' is optimistic .

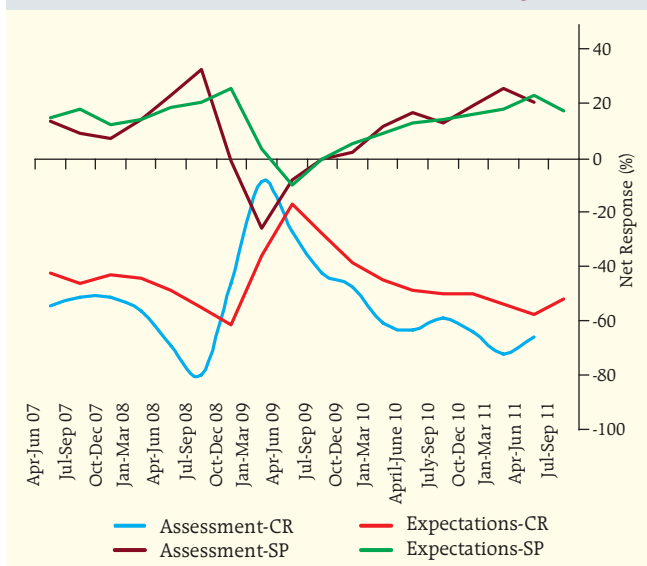
**Table 14: Assessment & Expectations for Selling Price**

(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            |
| 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     |                |                                |          |           |              | 29.1                         | 10.7     | 60.2      | 18.3         |

Increase of selling price is 'optimistic'.

**Chart 9: Cost of Raw Material & Selling Price**



the *assessment quarter* as well as *expectation quarter*, net response on profit margin declined in both the quarters under review (Table 15 and Chart 10). It points to lowering of 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 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 32.6 per cent from 38.6 per cent in the previous quarter. The net response for *expectation quarter* has also shown similar trend (Table 16, Chart 11).

**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     | 1,504          | 18.2                           | 28.1     | 53.6      | -9.9         | 22.2                         | 18.4     | 59.4      | 3.8          |
| Jul-Sep 11     |                |                                |          |           |              | 22.0                         | 19.5     | 58.5      | 2.5          |

Increase of profit margin is 'optimistic'.

Table 16: Assessment &amp; Expectations of Overall Business Situation

| 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            |
| 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     | 1,504          | 42.8                           | 10.1   | 47.1      | 32.6         | 47                           | 5.6    | 47.4      | 41.4         |
| Jul-Sep 11     |                |                                |        |           |              | 46.6                         | 6.8    | 46.6      | 39.8         |

Overall Business Situation 'Better' is optimistic .

### 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 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 current round of the survey shows further decline in the index for both the quarters under review (Statement 5). The index has declined from 122.0 to 116.3 for *assessment quarter* and marginally from 121.9 to 121.5 for the *expectation quarter*; however, it has still remained much higher than 100 which is the threshold that separates contraction from expansion.

Chart 10: Profit Margin

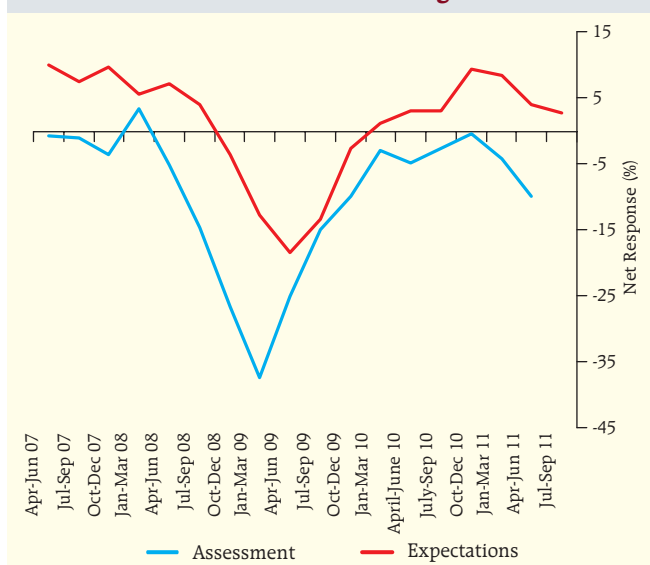


Chart 11: Overall Business Situation

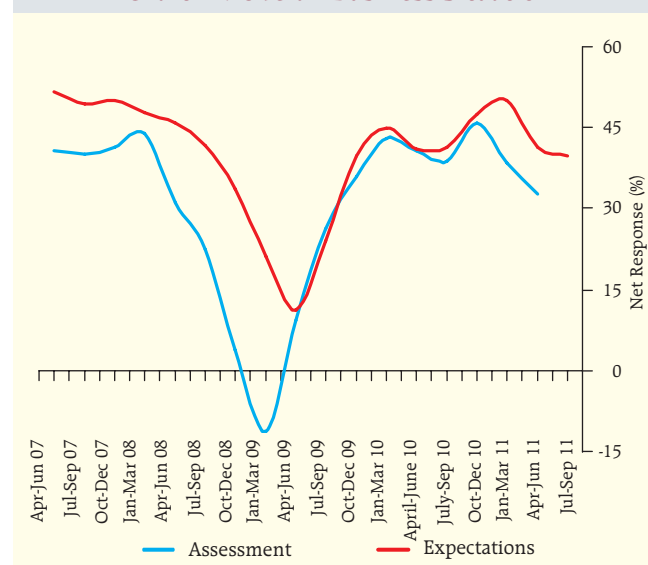


Table 17: Size-wise analysis: Annual Production and Paid-up Capital (PUC)

| Parameter   | Net Response (%) Expectations quarter |          |          |          |          |          |                 |          |          |          |          |          |
|---|---------------------------------------|----------|----------|----------|----------|----------|-----------------|----------|----------|----------|----------|----------|
|   | PUC-wise                              |          |          |          |          |          | Production-wise |          |          |          |          |          |
|   | Small                                 |          | Medium   |          | Big      |          | Small           |          | Medium   |          | Big      |          |
|   | Round 53                              | Round 54 | Round 53 | Round 54 | Round 53 | Round 54 | Round 53        | Round 54 | Round 53 | Round 54 | Round 53 | Round 54 |
|   | 1                                     | 2        | 3        | 4        | 5        | 6        | 7               | 8        | 9        | 10       | 11       | 12       |
| Overall Business Situation                                    | 32.9                                  | 32.1     | 42.2     | 40.7     | 46.3     | 41.7     | 36.8            | 35.7     | 46.2     | 43.2     | 41.8     | 42.4     |
| Overall Financial Situation                                   | 24.6                                  | 22.2     | 34.0     | 31.3     | 41.5     | 36.5     | 26.2            | 26.6     | 40.3     | 34.6     | 37.1     | 30.2     |
| Working Capital Finance Requirement                           | 26.3                                  | 24.6     | 33.7     | 34.4     | 34.6     | 40.5     | 27.1            | 29.1     | 38.3     | 36.0     | 37.6     | 42.1     |
| Availability of Finance                                       | 17.4                                  | 14.7     | 29.0     | 25.9     | 22.2     | 18.8     | 22.0            | 21.0     | 32.6     | 28.0     | 29.1     | 21.7     |
| Cost of External Finance                                      | -27.0                                 | -29.5    | -36.1    | -40.4    | -34.2    | -49.4    | -27.8           | -31.5    | -39.4    | -44.7    | -49.6    | -52.3    |
| Production  | 28.7                                  | 34.3     | 41.4     | 41.6     | 40.5     | 39.8     | 35.7            | 35.4     | 43.7     | 45.1     | 45.0     | 43.3     |
| Order Books   | 27.0                                  | 24.6     | 39.5     | 37.4     | 45.7     | 35.1     | 32.6            | 32.1     | 42.4     | 39.1     | 48.8     | 38.0     |
| Pending Orders, if applicable                                 | 8.5                                   | 9.5      | 3.4      | 4.4      | 1.6      | -2.9     | 8.3             | 7.4      | -0.2     | 2.5      | 0.0      | 0.7      |
| Cost of Raw Materials   | -56.7                                 | -54.5    | -57.5    | -51.9    | -48.8    | -43.5    | -57.8           | -53.2    | -57.3    | -50.8    | -51.8    | -49.4    |
| Inventory of Raw Materials                                    | -3.6                                  | -5.5     | -3.5     | -2.8     | 0.0      | 1.2      | -0.6            | -1.8     | -6.3     | -3.5     | -3.6     | -4.4     |
| Inventory of Finished Goods                                   | 2.5                                   | -3.1     | -3.6     | -2.9     | -2.7     | -6.1     | -0.3            | -1.6     | -5.1     | -4.4     | -5.8     | -3.8     |
| Capacity utilisation  | 12.3                                  | 14.7     | 24.8     | 26.0     | 34.6     | 31       | 18.8            | 22.9     | 28.6     | 27.3     | 29.7     | 23.7     |
| Level of Capacity Utilisation Assessment of the               | -4.7                                  | 6.6      | 5.4      | 3.6      | 9.0      | 10.7     | -1.3            | 1.7      | 10.3     | 5.8      | 5.7      | 8.8      |
| Production Capacity   | 6.6                                   | 4.9      | 5.2      | 4.8      | -1.3     | 13.1     | 3.5             | 4.2      | 6.4      | 6.2      | 6.5      | 6.4      |
| Employment in the Company                                     | 12.9                                  | 14.0     | 18.4     | 20.6     | 12.2     | 11.9     | 11.8            | 14.2     | 21.0     | 23.1     | 27.5     | 25.2     |
| Exports, if applicable  | 10.4                                  | 11.0     | 25.4     | 27.6     | 27.9     | 26.0     | 17.6            | 18.1     | 25.3     | 29.8     | 46.4     | 38.7     |
| Imports, if any   | 8.6                                   | 4.7      | 20.5     | 20.6     | 14.9     | 19.5     | 12.3            | 11.9     | 23.1     | 22.5     | 27.8     | 29.9     |
| Selling Prices  | 22.8                                  | 11.0     | 23.9     | 19.4     | 22.2     | 17.6     | 18.4            | 16.3     | 29.5     | 19.5     | 22.3     | 21.9     |
| If increase expected in selling prices, rate of such increase | 15.6                                  | 18.0     | 8.6      | 13.1     | 12.8     | 2.2      | 10.2            | 11.9     | 9.3      | 13.4     | 9.0      | 16.7     |
| Profit Margin   | -8.3                                  | -11.1    | 5.3      | 3.6      | 6.2      | 12.9     | -3.0            | -1.5     | 9.8      | 5.5      | 8.0      | 7.2      |

\* Smaller companies (annual production less than ₹100 crore/PUC less than ₹1 crore).

\* Medium companies (annual production between ₹100 crore to ₹1000 crore/PUC between ₹1 crore to 100 crore).

\* Big companies (annual production above ₹1000 crore/PUC above ₹100 crore).

### III.3.3 Industry-wise Analysis

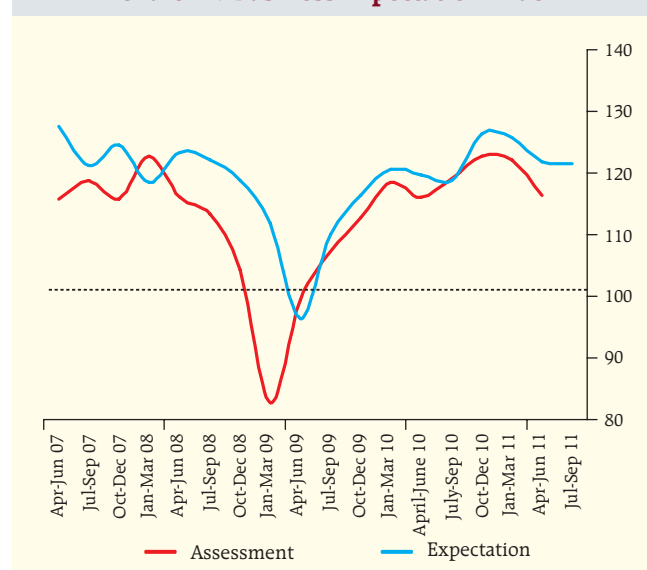
The industry-wise analysis (Statement 6) shows that majority of the industry groups reported less optimistic outlook for major performance parameters, viz., Overall Business Situation, Overall Financial Situation, Cost of Raw Materials and Profit Margin, except a few industries, viz., Electrical machinery, Other Machinery & Apparatus, Transport Equipment, and Fertilisers, as compared to previous survey round. As regards the cost of external finance, almost all industries except Textiles, Transport Equipment, Rubber & Plastic products reported less optimistic outlook. However, the outlook for production and employment is reported optimistic by almost all industries.

### III.3.4 Size-wise Analysis

Outlook for almost all major performance parameters are perceived to be less optimistic across all size classes. Within that, Small size companies (according to annual production and paid up capital) are relatively less optimistic about demand conditions

as compared to their larger counterparts as their net response on production, order books and capacity utilization are at lower levels than those of the bigger and medium companies. (Table 17).

Chart 12: Business Expectation Index



**Table 18: Constraints for Attaining the Normal Production Level Industry-wise**

|                                 | Production Constraint |             |            |             |
|---------------------------------|-----------------------|-------------|------------|-------------|
|                                 | NO                    |             | YES        |             |
|                                 | Count                 | %           | Count      | %           |
|                                 | 1                     | 2           | 3          | 4           |
| Food products                   | 59                    | 44.4        | 74         | 55.6        |
| Textiles                        | 72                    | 35.5        | 131        | 64.5        |
| Basic Metals and Metal products | 99                    | 47.8        | 108        | 52.2        |
| Electrical machinery            | 60                    | 56.1        | 47         | 43.9        |
| Other Machinery and Apparatus   | 105                   | 56.5        | 81         | 43.5        |
| Transport Equipment             | 48                    | 52.2        | 44         | 47.8        |
| Fertilisers                     | 13                    | 37.1        | 22         | 62.9        |
| Pharmaceutical and Medicines    | 55                    | 64.7        | 30         | 35.3        |
| Basic Chemicals                 | 65                    | 54.6        | 54         | 45.4        |
| Rubber and Plastic products     | 49                    | 47.6        | 54         | 52.4        |
| Paper and Paper products        | 20                    | 45.5        | 24         | 54.5        |
| Cement                          | 15                    | 65.2        | 8          | 34.8        |
| Wood and wood products          | 11                    | 55.0        | 9          | 45.0        |
| Diversified                     | 17                    | 77.3        | 5          | 22.7        |
| Other industries                | 68                    | 54.4        | 57         | 45.6        |
| <b>All companies</b>            | <b>756</b>            | <b>50.3</b> | <b>748</b> | <b>49.7</b> |

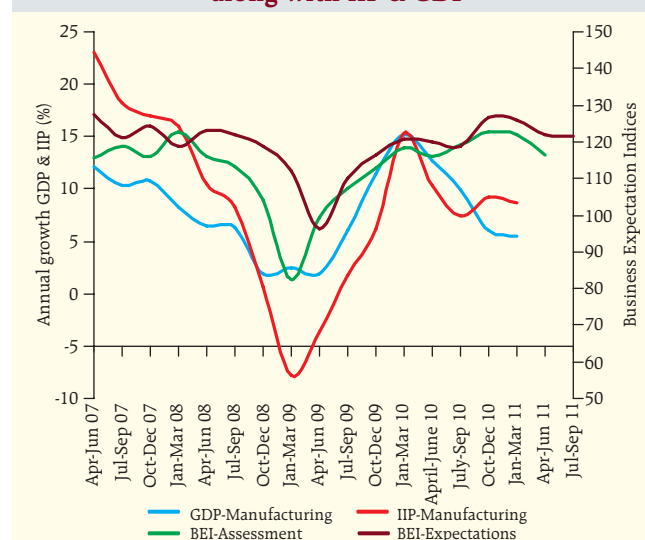
### III.3.5 Constraints for Attaining the Normal Production Level

About 50 per cent of companies responded Production Constraints for attaining the normal production level during the quarter April-June 2011. Major constraints reported are *Shortage of power, shortage of raw material and lack of domestic demand*. Industry-wise break-up reveals that companies in the industry groups, *viz.*, Textiles, Fertilisers and Food Products reported more production constraints (Table 18).

### III.3.6 Perceptions on Investment Intentions During the Years 2010-2011 and 2011-2012

An additional data block (Block 6) on investment intentions is annually canvassed in the April-June quarter for the purpose of getting an assessment of the investment intentions of the manufacturing companies. Salient features about the perceptions regarding the investment climate of the manufacturing sector (their investment intention in fixed capital, *i.e.*, buildings, plants & machinery, *etc.*) based on the qualitative responses are briefly presented below.

Among the responding companies, 71 per cent companies reported having made investment during the year 2010-11 of which 89 per cent companies have

**Chart 13: Business Expectation Index along with IIP & GDP**

planned for investment in the year 2011-12. Basic Metals & Metal products, Other Machinery & Apparatus, Textiles and Basic Chemicals industries expressed high investment intention for the year 2011-12, Wood & Wood products, Cement and Fertiliser industries have lesser investment plans. It is also observed that more medium-sized companies have plan to make fixed capital investment than their counterparts. Regarding the factors likely to influence the investment climate for the years 2010-11 and 2011-12, corporates indicate the 'Existing Demand' to be the most encouraging factor. Other influential factors are 'Net Return on Investment', 'Availability of Internal Finance' and 'Technical Factors'.

### III.3.7 Survey Results and Official Statistics

The Business Expectations Indices (BEI) based on the information gathered on important 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 movements of annual growth rates of quarterly GDP-Manufacturing, IIP-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. However, some diverging trend is observed in the recent past.

**Statement 1: Assessment and Expectation of the Industrial Performance for  
April-June 2011 and July-September 2011**

(Percentage of responding companies)#

| Parameter  | Assessment               |                           |           |                                 | Expectations             |                           |           |                                 |
|--|--------------------------|---------------------------|-----------|---------------------------------|--------------------------|---------------------------|-----------|---------------------------------|
|  | Scenario                 |                           |           |                                 | Scenario                 |                           |           |                                 |
|  | Optimistic<br>(Positive) | Pessimistic<br>(Negative) | No Change | Net<br>response<br>(Col. 1 - 2) | Optimistic<br>(Positive) | Pessimistic<br>(Negative) | No Change | Net<br>Response<br>(Col. 5 - 6) |
|  | 1                        | 2                         | 3         | 4                               | 5                        | 6                         | 7         | 8                               |
| 1 Overall Business Situation                                     | 42.8                     | 10.1                      | 47.1      | 32.6                            | 46.6                     | 6.8                       | 46.6      | 39.8                            |
| 2 Overall Financial Situation                                    | 34.5                     | 10.4                      | 55.0      | 24.1                            | 37.4                     | 6.8                       | 55.7      | 30.6                            |
| 3 Working Capital Finance Requirement                            | 41.1                     | 5.4                       | 53.5      | 35.7                            | 38.7                     | 5.1                       | 56.3      | 33.6                            |
| 4 Availability of Finance  | 30.2                     | 8.7                       | 61.1      | 21.5                            | 30.0                     | 5.8                       | 64.2      | 24.2                            |
| 5 Cost of External Finance*                                      | 3.5                      | 52.5                      | 44.1      | -49.0                           | 4.0                      | 43.7                      | 52.4      | -39.7                           |
| 6 Production   | 47.8                     | 15.7                      | 36.5      | 32.1                            | 49.6                     | 9.0                       | 41.5      | 40.6                            |
| 7 Order Books  | 42.5                     | 14.4                      | 43.0      | 28.1                            | 45.4                     | 9.4                       | 45.2      | 35.9                            |
| 8 Pending Orders, if applicable                                  | 13.3                     | 6.7                       | 80.0      | 6.5                             | 11.8                     | 7.2                       | 81.0      | 4.5                             |
| 9 Cost of Raw Materials  | 4.5                      | 70.0                      | 25.6      | -65.5                           | 4.8                      | 56.6                      | 38.6      | -51.7                           |
| 10 Inventory of Raw Materials                                    | 6.6                      | 12.3                      | 81.1      | -5.7                            | 5.7                      | 8.5                       | 85.8      | -2.9                            |
| 11 Inventory of Finished Goods                                   | 6.7                      | 13.8                      | 79.5      | -7.0                            | 6.2                      | 9.3                       | 84.5      | -3.1                            |
| 12 Capacity Utilisation  | 30.5                     | 13.3                      | 56.2      | 17.2                            | 33.9                     | 8.9                       | 57.2      | 25.0                            |
| 13 Level of Capacity Utilisation                                 | 13.8                     | 14.5                      | 71.7      | -0.7                            | 14.3                     | 10.0                      | 75.7      | 4.3                             |
| 14 Assessment of the Production Capacity                         | 11.8                     | 7.4                       | 80.8      | 4.3                             | 11.2                     | 5.9                       | 82.8      | 5.3                             |
| 15 Employment in the Company                                     | 24.3                     | 6.1                       | 69.6      | 18.2                            | 24.0                     | 4.6                       | 71.5      | 19.4                            |
| 16 Exports, if Applicable  | 31.8                     | 13.6                      | 54.6      | 18.2                            | 35.1                     | 9.2                       | 55.7      | 25.8                            |
| 17 Imports, if Any   | 25.0                     | 7.4                       | 67.6      | 17.6                            | 25.1                     | 6.1                       | 68.9      | 19.0                            |
| 18 Selling Prices  | 35.0                     | 13.4                      | 51.6      | 21.5                            | 29.1                     | 10.7                      | 60.2      | 18.3                            |
| 19 If Increase Expected in Selling prices, Rate of Such Increase | 25.9                     | 11.0                      | 63.1      | 14.8                            | 24.0                     | 11.0                      | 65.0      | 13.1                            |
| 20 Profit Margin   | 18.2                     | 28.1                      | 53.6      | -9.9                            | 22.0                     | 19.5                      | 58.5      | 2.5                             |

# 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 on Assessments of Industrial Performance over the last 9 Quarterly Rounds of the Industrial Outlook Survey**

(Per cent)

| Parameter  | Optimistic Response    | Apr-Jun 2009   | July-Sep 2009  | Oct-Dec 2009   | Jan-Mar 2010   | Apr-Jun 2010   | Jul-Sep 2010   | Oct-Dec 2010   | Jan-Mar 2011   | Apr-Jun 2011   |    |
|--|------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----|
|  |                        | <i>(1,242)</i> | <i>(1,180)</i> | <i>(1,256)</i> | <i>(1,079)</i> | <i>(1,092)</i> | <i>(1,403)</i> | <i>(1,561)</i> | <i>(1,524)</i> | <i>(1,504)</i> |    |
|  |                        | 1              | 2              | 3              | 4              | 5              | 6              | 7              | 8              | 9              | 10 |
| 1 Overall Business Situation                                     | Better                 | 9.3            | 26.3           | 36.0           | 43.1           | 40.7           | 38.7           | 45.9           | 38.6           | 32.6           |    |
| 2 Overall Financial Situation                                    | Better                 | 7.0            | 21.8           | 29.5           | 35.8           | 32.2           | 30.6           | 37.1           | 27.1           | 24.1           |    |
| 3 Working Capital Finance Requirement                            | Increase               | 24.6           | 23.8           | 28.8           | 30.5           | 29.9           | 29.3           | 37.1           | 36.9           | 35.7           |    |
| 4 Availability of Finance  | Improve                | 11.2           | 19.2           | 23.0           | 25.7           | 26.4           | 26.6           | 30.3           | 23.8           | 21.5           |    |
| 5 Cost of External Finance *                                     | Decrease               |                |                | -14.7          | -15.9          | -21.9          | -28.3          | -33.9          | -42.5          | -49.0          |    |
| 6 Production   | Increase               | 6.9            | 22.6           | 28.9           | 36.5           | 35.4           | 40.0           | 43.9           | 41.4           | 32.1           |    |
| 7 Order Books  | Increase               | -0.9           | 20.5           | 25.9           | 31.9           | 31.3           | 36.1           | 37.9           | 34.7           | 28.1           |    |
| 8 Pending Orders, if applicable                                  | Below normal           | 24.6           | 17.4           | 11.6           | 8.8            | 6.9            | 5.1            | 3.9            | 5.5            | 6.5            |    |
| 9 Cost of Raw Materials  | Decrease               | -26.3          | -41.7          | -47.1          | -60.2          | -62.7          | -58.3          | -63.9          | -71.9          | -65.5          |    |
| 10 Inventory of Raw Materials                                    | Below average          | -2.4           | -2.1           | -4.2           | -5.8           | -5.0           | -5.3           | -6.2           | -7.8           | -5.7           |    |
| 11 Inventory of Finished Goods                                   | Below average          | -4.2           | -4.3           | -4.3           | -4.3           | -4.1           | -4.3           | -3.9           | -6.5           | -7.0           |    |
| 12 Capacity Utilisation  | Increase               | -3.7           | 10.1           | 16.5           | 21.7           | 21.1           | 23.3           | 27.9           | 27.4           | 17.2           |    |
| 13 Level of Capacity Utilisation                                 | Above normal           | -19.2          | -11.2          | -3.9           | 3.0            | 2.5            | 3.1            | 5.6            | 4.9            | -0.7           |    |
| 14 Assessment of the Production Capacity                         | More than adequate     | 4.6            | 5.8            | 5.3            | 6.4            | 3.1            | 3.3            | 2.9            | 4.4            | 4.3            |    |
| 15 Employment in the Company                                     | Increase               | -3.3           | 4.1            | 10.3           | 13.7           | 14.7           | 18.7           | 19.4           | 18.7           | 18.2           |    |
| 16 Exports, if applicable  | Increase               | -13.5          | -2.9           | 9.2            | 12.7           | 15.3           | 20.0           | 23.1           | 18.9           | 18.2           |    |
| 17 Imports, if any   | Increase               | -1.3           | 7.8            | 13.0           | 17.1           | 20.9           | 22.0           | 20.9           | 19.9           | 17.6           |    |
| 18 Selling Prices  | Increase               | -7.4           | 0.2            | 2.6            | 12.4           | 17.3           | 13.8           | 20.2           | 26.5           | 21.5           |    |
| 19 If increase expected in selling prices, rate of such increase | Increase at lower rate | 11.0           | 23.2           | 19.3           | 21.6           | 17.4           | 15.2           | 15.2           | 12.1           | 14.8           |    |
| 20 Profit Margin   | Increase               | -25.1          | -15.1          | -9.9           | -2.9           | -4.8           | -2.5           | -0.4           | -4.3           | -9.9           |    |

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

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

**Statement 3: Net responses on Expectations of Industrial Performance over the last 9 Quarterly Rounds of the Industrial Outlook Survey**

(Per cent)

| Parameter  | Optimistic Response    | July-Sep 2009  | Oct-Dec 2009   | Jan-Mar 2010   | Apr-June 2010  | July-Sep 2010  | Oct-Dec 2010   | Jan-Mar 2011   | Apr-June 2011  | July-Sep 2011  |    |
|--|------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----|
|  |                        | <i>(1,242)</i> | <i>(1,180)</i> | <i>(1,256)</i> | <i>(1,079)</i> | <i>(1,092)</i> | <i>(1,403)</i> | <i>(1,561)</i> | <i>(1,524)</i> | <i>(1,504)</i> |    |
|  |                        | 1              | 2              | 3              | 4              | 5              | 6              | 7              | 8              | 9              | 10 |
| 1 Overall Business Situation                                     | Better                 | 24.2           | 39.8           | 44.9           | 41.2           | 41.5           | 47.5           | 50.1           | 41.4           | 39.8           |    |
| 2 Overall Financial Situation                                    | Better                 | 20.0           | 33.5           | 39.3           | 36.3           | 34.1           | 39.6           | 41.1           | 33.4           | 30.6           |    |
| 3 Working Capital Finance Requirement                            | Increase               | 26.3           | 30.4           | 32.7           | 27.7           | 31.1           | 34.8           | 37.8           | 32.9           | 33.6           |    |
| 4 Availability of Finance  | Improve                | 16.6           | 26.1           | 29.2           | 26.8           | 28.5           | 31.3           | 32.3           | 27.3           | 24.2           |    |
| 5 Cost of External Finance *                                     | Decrease               |                |                | -18.3          | -20.6          | -23.3          | -28.3          | -31.3          | -35.0          | -39.7          |    |
| 5 Production   | Increase               | 22.4           | 35.0           | 40.0           | 35.9           | 40.2           | 49.1           | 48.6           | 40.0           | 40.6           |    |
| 6 Order Books  | Increase               | 16.8           | 32.3           | 35.8           | 33.4           | 36.3           | 44.8           | 44.0           | 38.4           | 35.9           |    |
| 7 Pending Orders, if applicable                                  | Below Normal           | 19.1           | 11.0           | 5.7            | 6.4            | 4.2            | 1.5            | 1.7            | 3.9            | 4.5            |    |
| 8 Cost of Raw Materials  | Decrease               | -27.1          | -38.4          | -44.3          | -48.6          | -49.3          | -49.3          | -53.6          | -57.0          | -51.7          |    |
| 9 Inventory of Raw Materials                                     | Below Average          | -0.5           | -1.2           | -3.6           | -2.6           | -5.1           | -6.6           | -5.6           | -3.3           | -2.9           |    |
| 10 Inventory of Finished Goods                                   | Below Average          | -1.8           | -3.7           | -1.9           | -2.6           | -5.0           | -2.8           | -3.0           | -2.9           | -3.1           |    |
| 11 Capacity Utilisation  | Increase               | 10.7           | 22.0           | 25.4           | 19.7           | 26.5           | 32.3           | 33.1           | 24.0           | 25.0           |    |
| 12 Level of Capacity Utilisation                                 | Above Normal           | -12.1          | -3.8           | 1.3            | 1.6            | 5.8            | 7.2            | 9.5            | 4.4            | 4.3            |    |
| 13 Assessment of the Production Capacity                         | More than Adequate     | 5.5            | 6.5            | 5.0            | 7.1            | 4.1            | 5.6            | 3.4            | 5.0            | 5.3            |    |
| 14 Employment in the Company                                     | Increase               | 1.5            | 8.8            | 12.1           | 13.6           | 16.8           | 21.0           | 20.6           | 17.4           | 19.4           |    |
| 15 Exports, if applicable  | Increase               | 0.1            | 12.5           | 20.2           | 18.5           | 20.7           | 26.1           | 26.3           | 24.0           | 25.8           |    |
| 16 Imports, if any   | Increase               | 4.6            | 11.5           | 16.9           | 17.1           | 21.7           | 22.2           | 21.3           | 18.9           | 19.0           |    |
| 17 Selling Prices  | Increase               | 0.0            | 6.0            | 9.8            | 13.3           | 15.2           | 17.0           | 18.6           | 23.7           | 18.3           |    |
| 18 If increase expected in selling prices, rate of such increase | Increase at lower rate | -100.0         | 19.4           | 16.8           | 19.7           | 14.3           | 13.0           | 13.1           | 9.6            | 13.1           |    |
| 19 Profit Margin   | Increase               | -13.4          | -2.8           | 1.1            | 3.2            | 3.1            | 9.2            | 8.3            | 3.8            | 2.5            |    |

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

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



**Statement 4: Comparative Scenarios Pertaining to Assessment for the Current Quarter and Expectations for the Expectation Quarter based on the Net Responses for all Parameters from a Year Ago, Previous and Current Quarter Surveys (i.e., Round 50, 53 and 54)**

| Parameter  | Optimistic<br>Criteria | ASSESSMENT                           |                                    |                                   |  |                         | EXPECTATION                              |  |                                       |  |                         |
|--|------------------------|--------------------------------------|------------------------------------|-----------------------------------|--|-------------------------|--|--|---------------------------------------|--|-------------------------|
|  |                        | Net Response (%)                     |                                    |                                   | Differences in net Response of Current Quarter of Current Survey over Current Quarter of |                         | Net Response (%)                         |  |                                       | Differences in net Response of Expectation Quarter of Current Survey over Expectation Quarter of |                         |
|  |                        | Current Quarter of a year ago Survey | Current Quarter of Previous Survey | Current Quarter of Current Survey | A year ago Survey  | Previous Quarter Survey | Expectation Quarter of a Year ago Survey | Expectation Quarter of Previous Survey | Expectation Quarter of Current Survey | A year ago Survey  | Previous Quarter Survey |
|  |                        | Apr-Jun 2010                         | Jan-Mar 2011                       | Apr-Jun 2011                      | (5) - (3)  | (5) - (4)               | Jul-Sep 2010                             | Apr-Jun 2011                           | Jul-Sep 2011                          | (10) - (8)   | (10) - (9)              |
|  | 1                      | 2                                    | 3                                  | 4                                 | 5  | 6                       | 7  | 8                                      | 9                                     | 10   | 11                      |
| 1 Overall Business Situation                                     | Better                 | 40.7                                 | 38.6                               | 32.6                              | -8.1   | -6.0                    | 41.5                                     | 41.4                                   | 39.8                                  | -1.6   | -1.6                    |
| 2 Overall Financial Situation                                    | Better                 | 32.2                                 | 27.1                               | 24.1                              | -8.1   | -3.0                    | 34.1                                     | 33.4                                   | 30.6                                  | -3.5   | -2.8                    |
| 3 Working Capital Finance Requirement                            | Increase               | 29.9                                 | 36.9                               | 35.7                              | 5.9  | -1.2                    | 31.1                                     | 32.9                                   | 33.6                                  | 2.5  | 0.7                     |
| 4 Availability of Finance  | Improve                | 26.4                                 | 23.8                               | 21.5                              | -4.9   | -2.4                    | 28.5                                     | 27.3                                   | 24.2                                  | -4.3   | -3.1                    |
| 5 Cost of External Finance *                                     | Decrease               | -21.9                                | -42.5                              | -49.0                             | -27.1  | -6.5                    | -23.3                                    | -35.0                                  | -39.7                                 | -16.5  | -4.7                    |
| 6 Production   | Increase               | 35.4                                 | 41.4                               | 32.1                              | -3.2   | -9.2                    | 40.2                                     | 40.0                                   | 40.6                                  | 0.4  | 0.7                     |
| 7 Order Books  | Increase               | 31.3                                 | 34.7                               | 28.1                              | -3.2   | -6.6                    | 36.3                                     | 38.4                                   | 35.9                                  | -0.4   | -2.5                    |
| 8 Pending Orders, if applicable                                  | Below normal           | 6.9                                  | 5.5                                | 6.5                               | -0.4   | 1.0                     | 4.2                                      | 3.9                                    | 4.5                                   | 0.4  | 0.7                     |
| 9 Cost of Raw Materials  | Decrease               | -62.7                                | -71.9                              | -65.5                             | -2.8   | 6.4                     | -49.3                                    | -57.0                                  | -51.7                                 | -2.5   | 5.2                     |
| 10 Inventory of Raw Materials                                    | Below average          | -5.0                                 | -7.8                               | -5.7                              | -0.7   | 2.1                     | -5.1                                     | -3.3                                   | -2.9                                  | 2.2  | 0.4                     |
| 11 Inventory of Finished Goods                                   | Below average          | -4.1                                 | -6.5                               | -7.0                              | -2.9   | -0.5                    | -5.0                                     | -2.9                                   | -3.1                                  | 1.9  | -0.2                    |
| 12 Capacity Utilisation  | Increase               | 21.1                                 | 27.4                               | 17.2                              | -4.0   | -10.2                   | 26.5                                     | 24.0                                   | 25.0                                  | -1.6   | 1.0                     |
| 13 Level of Capacity Utilisation                                 | Above normal           | 2.5                                  | 4.9                                | -0.7                              | -3.3   | -5.6                    | 5.8                                      | 4.4                                    | 4.3                                   | -1.5   | -0.1                    |
| 14 Assessment of the Production Capacity                         | More than adequate     | 3.1                                  | 4.4                                | 4.3                               | 1.2  | -0.1                    | 4.1                                      | 5.0                                    | 5.3                                   | 1.2  | 0.3                     |
| 15 Employment in the Company                                     | Increase               | 14.7                                 | 18.7                               | 18.2                              | 3.5  | -0.5                    | 16.8                                     | 17.4                                   | 19.4                                  | 2.6  | 2.0                     |
| 16 Exports, if applicable  | Increase               | 15.3                                 | 18.9                               | 18.2                              | 2.9  | -0.7                    | 20.7                                     | 24.0                                   | 25.8                                  | 5.1  | 1.9                     |
| 17 Imports, if any   | Increase               | 20.9                                 | 19.9                               | 17.6                              | -3.3   | -2.3                    | 21.7                                     | 18.9                                   | 19.0                                  | -2.7   | 0.1                     |
| 18 Selling Prices  | Increase               | 17.3                                 | 26.5                               | 21.5                              | 4.2  | -5.0                    | 15.2                                     | 23.7                                   | 18.3                                  | 3.2  | -5.3                    |
| 19 If increase expected in selling prices, rate of such increase | Increase at lower rate | 17.4                                 | 12.1                               | 14.8                              | -2.6   | 2.8                     | 14.3                                     | 9.6                                    | 13.1                                  | -1.3   | 3.5                     |
| 20 Profit Margin   | Increase               | -4.8                                 | -4.3                               | -9.9                              | -5.1   | -5.6                    | 3.1                                      | 3.8                                    | 2.5                                   | -0.5   | -1.3                    |

\* : Cost of external Finance was included from survey round 48.

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

| Quarter      | ASSESSMENT |                                    |                                 | EXPECTATIONS |                                    |                                 |
|--------------|------------|------------------------------------|---------------------------------|--------------|------------------------------------|---------------------------------|
|              | Index      | Change over<br>Previous<br>Quarter | Change over<br>Previous<br>Year | Index        | Change over<br>Previous<br>Quarter | Change over<br>Previous<br>Year |
|              | 1          | 2                                  | 3                               | 4            | 5                                  | 6                               |
| Jan-Mar 2000 | 122.8      | -                                  | -                               | -            | -                                  | -                               |
| Apr-Jun 2000 | 115.2      | -7.6                               | -                               | 125.5        | -                                  | -                               |
| Jul-Sep 2000 | 116.1      | 0.9                                | -                               | 126.1        | 0.6                                | -                               |
| Oct-Dec 2000 | 113.9      | -2.2                               | -                               | 124.4        | -1.7                               | -                               |
| Jan-Mar 2001 | 115.2      | 1.3                                | -7.6                            | 122.5        | -1.8                               | -                               |
| Apr-Jun 2001 | 109.9      | -5.3                               | -5.3                            | 120.7        | -1.8                               | -4.8                            |
| Jul-Sep 2001 | 108.7      | -1.3                               | -7.4                            | 118.9        | -1.8                               | -7.2                            |
| Oct-Dec 2001 | 100.7      | -8.0                               | -13.2                           | 119.5        | 0.6                                | -4.9                            |
| Jan-Mar 2002 | 108.4      | 7.7                                | -6.8                            | 105.3        | -14.2                              | -17.3                           |
| Apr-Jun 2002 | 110.8      | 2.4                                | 0.9                             | 112.3        | 7.0                                | -8.5                            |
| Jul-Sep 2002 | 113.2      | 2.4                                | 4.5                             | 116.7        | 4.4                                | -2.2                            |
| Oct-Dec 2002 | 113.8      | 0.6                                | 13.1                            | 121.2        | 4.6                                | 1.7                             |
| Jan-Mar 2003 | 118.4      | 4.6                                | 10.0                            | 119.7        | -1.6                               | 14.4                            |
| Apr-Jun 2003 | 109.8      | -8.6                               | -1.0                            | 117.8        | -1.8                               | 5.6                             |
| Jul-Sep 2003 | 114.3      | 4.5                                | 1.1                             | 117.2        | -0.7                               | 0.5                             |
| Oct-Dec 2003 | 119.8      | 5.4                                | 5.9                             | 122.1        | 4.9                                | 0.8                             |
| Jan-Mar 2004 | 121.4      | 1.7                                | 3.0                             | 122.2        | 0.2                                | 2.6                             |
| Apr-Jun 2004 | 118.4      | -3.0                               | 8.6                             | 121.5        | -0.7                               | 3.7                             |
| Jul-Sep 2004 | 116.9      | -1.5                               | 2.6                             | 120.0        | -1.5                               | 2.9                             |
| Oct-Dec 2004 | 122.0      | 5.1                                | 2.2                             | 121.5        | 1.5                                | -0.6                            |
| Jan-Mar 2005 | 122.5      | 0.5                                | 1.1                             | 123.2        | 1.7                                | 1.0                             |
| Apr-Jun 2005 | 117.5      | -5.0                               | -0.9                            | 120.7        | -2.5                               | -0.8                            |
| Jul-Sep 2005 | 114.9      | -2.6                               | -2.0                            | 119.6        | -1.1                               | -0.4                            |
| Oct-Dec 2005 | 124.3      | 9.4                                | 2.3                             | 122.7        | 3.1                                | 1.2                             |
| Jan-Mar 2006 | 120.7      | -3.6                               | -1.8                            | 125.7        | 3.0                                | 2.5                             |
| Apr-Jun 2006 | 121.8      | 1.1                                | 4.3                             | 120.5        | -5.2                               | -0.2                            |
| Jul-Sep 2006 | 120.7      | -1.1                               | 5.8                             | 126.5        | 6.0                                | 6.9                             |
| Oct-Dec 2006 | 123.9      | 3.2                                | -0.4                            | 125.3        | -1.2                               | 2.6                             |
| Jan-Mar 2007 | 127.7      | 3.8                                | 7.0                             | 126.5        | 1.2                                | 0.8                             |
| Apr-Jun 2007 | 115.8      | -11.9                              | -6.0                            | 127.5        | 1.0                                | 7.0                             |
| Jul-Sep 2007 | 118.9      | 3.1                                | -1.8                            | 121.1        | -6.4                               | -5.4                            |
| Oct-Dec 2007 | 115.9      | -3.0                               | -8.0                            | 124.4        | 3.3                                | -0.9                            |
| Jan-Mar 2008 | 122.8      | 6.9                                | -4.9                            | 118.6        | -5.8                               | -7.9                            |
| Apr-Jun 2008 | 116.2      | -6.6                               | 0.4                             | 123.2        | 4.6                                | -4.3                            |
| Jul-Sep 2008 | 113.4      | -2.8                               | -5.5                            | 122.1        | -1.1                               | 1.0                             |
| Oct-Dec 2008 | 104.1      | -9.3                               | -11.8                           | 118.9        | -3.2                               | -5.5                            |
| Jan-Mar 2009 | 82.6       | -21.5                              | -40.2                           | 111.9        | -7.0                               | -6.7                            |
| Apr-Jun 2009 | 99.4       | 16.8                               | -16.8                           | 96.4         | -15.5                              | -26.8                           |
| Jul-Sep 2009 | 107.2      | 7.8                                | -6.2                            | 109.9        | 13.5                               | -12.2                           |
| Oct-Dec 2009 | 112.8      | 5.6                                | 8.7                             | 116.4        | 6.5                                | -2.5                            |
| Jan-Mar 2010 | 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                            |
| Jul-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 | 122.00     | -0.8                               | 3.5                             | 125.90       | -0.6                               | 5.3                             |
| Apr-Jun 2011 | 116.3      | -5.7                               | 0.4                             | 121.9        | -0.6                               | 5.3                             |
| Jul-Sep 2011 | -          | -                                  | -                               | 121.5        | -0.4                               | 2.7                             |

**Statement 6: Net Responses - Industry-wise Analysis - Comparative Scenario for Select Performance Parameters for Current over Previous Round**

| Industry- Group               | Overall Business Situation |           |             |          | Overall Financial Situation |           |             |          | Cost of external Finance |           |             |          |
|-------------------------------|----------------------------|-----------|-------------|----------|-----------------------------|-----------|-------------|----------|--------------------------|-----------|-------------|----------|
|                               | Assessment                 |           | Expectation |          | Assessment                  |           | Expectation |          | Assessment               |           | Expectation |          |
|                               | Jan-Mar                    | April-Jun | April-Jun   | July-Sep | Jan-Mar                     | April-Jun | April-Jun   | July-Sep | Jan-Mar                  | April-Jun | April-Jun   | July-Sep |
|                               | 2011                       | 2011      | 2011        | 2011     | 2011                        | 2011      | 2011        | 2011     | 2011                     | 2011      | 2011        | 2011     |
|                               | 1                          | 2         | 3           | 4        | 5                           | 6         | 7           | 8        | 9                        | 10        | 11          | 12       |
| Food Products                 | 31.7                       | 34.1      | 34.2        | 32.6     | 19.2                        | 25.0      | 24.2        | 22.7     | -42.3                    | -55.1     | -21.9       | -44.9    |
| Textiles                      | 30.6                       | 3.9       | 35.1        | 27.1     | 14.4                        | 5.4       | 22.0        | 17.9     | -49.0                    | -46.9     | -36.2       | -35.4    |
| Basic Metals & Metal Products | 39.6                       | 38.8      | 46.8        | 42.0     | 28.1                        | 27.8      | 35.5        | 33.2     | -46.2                    | -52.2     | -39.6       | -41.8    |
| Electrical Machinery          | 42.9                       | 42.1      | 45.5        | 46.2     | 26.3                        | 30.2      | 38.8        | 29.0     | -42.7                    | -43.7     | -23.4       | -39.4    |
| Other Machinery & Apparatus   | 52.0                       | 43.5      | 48.8        | 49.2     | 41.4                        | 35.1      | 46.0        | 40.0     | -34.9                    | -47.5     | -31.9       | -41.6    |
| Transport Equipment           | 59.6                       | 40.2      | 48.4        | 56.5     | 44.6                        | 32.6      | 41.9        | 43.5     | -58.9                    | -51.1     | -48.8       | -43.3    |
| Fertilisers                   | 33.3                       | 28.6      | 45.5        | 54.3     | 28.1                        | 22.9      | 37.5        | 40.0     | -45.2                    | -59.4     | -31.3       | -40.6    |
| Pharmaceuticals & Medicines   | 38.0                       | 45.2      | 48.4        | 50.6     | 22.8                        | 22.9      | 32.6        | 35.8     | -38.8                    | -48.8     | -35.3       | -41.6    |
| Basic Chemicals               | 41.2                       | 37.3      | 47.9        | 47.5     | 33.1                        | 26.5      | 39.8        | 39.8     | -23.9                    | -36.5     | -26.1       | -29.9    |
| Rubber & Plastic Products     | 36.0                       | 27.2      | 37.2        | 28.2     | 28.7                        | 17.5      | 33.7        | 30.4     | -45.7                    | -57.8     | -45.7       | -43.0    |
| Paper & Paper Products        | 14.9                       | 30.2      | 29.8        | 27.9     | 10.6                        | 20.9      | 25.5        | 25.6     | -31.7                    | -44.2     | -31.7       | -44.2    |
| Cement                        | 30.8                       | 8.7       | 23.1        | -13.0    | 23.1                        | 8.7       | 23.1        | 0.0      | -57.7                    | -72.7     | -30.8       | -50.0    |
| Wood & Wood Products          | 31.6                       | 35.0      | 21.1        | 40.0     | 21.1                        | 35.0      | 21.1        | 40.0     | -22.2                    | -36.8     | -26.3       | -26.3    |
| Diversified Companies         | 55.6                       | 40.9      | 44.4        | 27.3     | 33.3                        | 50.0      | 33.3        | 22.7     | -64.7                    | -72.2     | -58.8       | -50.0    |
| Other Industries              | 27.1                       | 33.9      | 31.3        | 40.0     | 22.4                        | 21.6      | 26.9        | 25.6     | -42.1                    | -43.2     | -36.3       | -34.7    |
| All Companies                 | 38.6                       | 32.6      | 41.4        | 39.8     | 27.1                        | 24.1      | 33.4        | 30.6     | -42.5                    | -49.0     | -35.0       | -39.7    |

**Statement 6: Net Responses - Industry-wise Analysis - Comparative Scenario for Select Performance Parameters for Current over Previous Round (Contd.)**

| Industry- Group               | Overall Business Situation |           |             |          | Overall Financial Situation |           |             |          | Cost of external Finance |           |             |          |
|-------------------------------|----------------------------|-----------|-------------|----------|-----------------------------|-----------|-------------|----------|--------------------------|-----------|-------------|----------|
|                               | Assessment                 |           | Expectation |          | Assessment                  |           | Expectation |          | Assessment               |           | Expectation |          |
|                               | Jan-Mar                    | April-Jun | April-Jun   | July-Sep | Jan-Mar                     | April-Jun | April-Jun   | July-Sep | Jan-Mar                  | April-Jun | April-Jun   | July-Sep |
|                               | 2011                       | 2011      | 2011        | 2011     | 2011                        | 2011      | 2011        | 2011     | 2011                     | 2011      | 2011        | 2011     |
|                               | 13                         | 14        | 15          | 16       | 17                          | 18        | 19          | 20       | 21                       | 22        | 23          | 24       |
| Food Products                 | -73.1                      | -57.3     | -47.0       | -51.9    | 37.0                        | 17.1      | 27.1        | 26.4     | 19.2                     | 7.5       | 8.4         | 6.9      |
| Textiles                      | -80.7                      | -50.8     | -63.2       | -32.8    | 31.2                        | 4.5       | 37.4        | 28.3     | 9.6                      | 3.5       | 15.4        | 13.9     |
| Basic Metals & Metal Products | -70.0                      | -65.9     | -57.4       | -51.7    | 39.9                        | 43.6      | 43.6        | 43.6     | 14.9                     | 18.6      | 18.3        | 22.5     |
| Electrical Machinery          | -74.5                      | -69.2     | -51.5       | -49.5    | 47.5                        | 35.5      | 37.8        | 49.5     | 17.2                     | 16.8      | 16.2        | 16.8     |
| Other Machinery & Apparatus   | -70.2                      | -67.2     | -57.2       | -61.7    | 53.0                        | 42.5      | 44.7        | 48.4     | 27.9                     | 32.4      | 21.2        | 28.6     |
| Transport Equipment           | -75.5                      | -72.8     | -60.2       | -59.8    | 65.9                        | 43.8      | 51.7        | 55.6     | 39.4                     | 28.3      | 27.7        | 29.7     |
| Fertilisers                   | -48.5                      | -80.0     | -48.5       | -60.0    | 45.5                        | 25.7      | 45.5        | 48.6     | 9.1                      | 20.0      | 15.2        | 17.1     |
| Pharmaceuticals & Medicines   | -65.9                      | -72.6     | -59.6       | -57.8    | 45.7                        | 51.8      | 53.8        | 51.8     | 24.4                     | 31.3      | 28.9        | 30.1     |
| Basic Chemicals               | -72.0                      | -66.4     | -56.4       | -58.4    | 44.9                        | 33.3      | 47.9        | 50.0     | 22.2                     | 15.1      | 23.1        | 21.8     |
| Rubber & Plastic Products     | -68.6                      | -70.9     | -63.5       | -48.5    | 44.6                        | 28.4      | 38.6        | 46.5     | 20.7                     | 27.0      | 13.8        | 20.6     |
| Paper & Paper Products        | -69.6                      | -73.8     | -47.8       | -62.8    | 31.9                        | 59.1      | 34.8        | 38.6     | -2.1                     | 9.1       | 0.0         | 4.5      |
| Cement                        | -69.2                      | -91.3     | -57.7       | -54.5    | 32.0                        | 13.6      | 32.0        | -4.3     | 19.2                     | 9.5       | 11.5        | 4.8      |
| Wood & Wood Products          | -66.7                      | -68.4     | -47.1       | -61.1    | 22.2                        | 42.1      | 11.8        | 36.8     | 0.0                      | 20.0      | 0.0         | 20.0     |
| Diversified Companies         | -88.9                      | -71.4     | -61.1       | -54.5    | 61.1                        | 31.8      | 33.3        | 40.9     | 33.3                     | 27.3      | 38.9        | 22.7     |
| Other Industries              | -70.3                      | -62.9     | -57.3       | -47.2    | 20.3                        | 28.7      | 26.2        | 26.1     | 12.9                     | 14.9      | 12.2        | 14.2     |
| All Companies                 | -71.9                      | -65.5     | -57.0       | -51.7    | 41.4                        | 32.1      | 40.0        | 40.6     | 18.7                     | 18.2      | 17.4        | 19.4     |

**Statement 6: Net Responses - Industry-wise Analysis - Comparative Scenario for Select Performance Parameters for Current over Previous Round (Concl.)**

| Industry- Group               | Profit margin |           |             |          |
|-------------------------------|---------------|-----------|-------------|----------|
|                               | Assessment    |           | Expectation |          |
|                               | Jan-Mar       | April-Jun | April-Jun   | July-Sep |
|                               | 2011          | 2011      | 2011        | 2011     |
|                               | 25            | 26        | 27          | 28       |
| Food Products                 | -9.2          | -15.4     | -4.2        | -10.7    |
| Textiles                      | -15.9         | -36.6     | -3.9        | -8.9     |
| Basic Metals & Metal Products | 2.7           | -2.5      | 11.0        | 11.4     |
| Electrical Machinery          | -14.7         | -16.3     | -6.4        | 9.8      |
| Other Machinery & Apparatus   | 4.0           | -1.6      | 6.0         | 7.8      |
| Transport Equipment           | 10.8          | -10.0     | 5.4         | 5.6      |
| Fertilisers                   | 6.3           | -6.1      | 9.4         | 15.6     |
| Pharmaceuticals & Medicines   | -1.1          | 2.4       | 12.4        | 4.9      |
| Basic Chemicals               | 3.4           | 1.7       | 15.3        | 10.4     |
| Rubber & Plastic Products     | -15.1         | -19.4     | 2.4         | -5.9     |
| Paper & Paper Products        | -4.3          | 0.0       | 2.2         | 9.1      |
| Cement                        | -3.8          | -21.7     | -4.2        | -21.7    |
| Wood & Wood Products          | -26.3         | 5.0       | 0.0         | 10.0     |
| Diversified Companies         | 41.2          | 23.8      | 29.4        | 0.0      |
| Other Industries              | -16.7         | -0.8      | -3.1        | 0.9      |
| All Companies                 | -4.3          | -9.9      | 3.8         | 2.5      |

Annex



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

**INDUSTRIAL OUTLOOK SURVEY, APRIL-JUNE 2011**  
**(ROUND 54)**

|   |  |  |  |  |  |  |
|---|--|--|--|--|--|--|
| <b>Sample company code:</b><br>(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

**Micro Industry: Investment in plant and machinery = ₹25 lakh; Small: Investment in plant and machinery > ₹25 lakh but = ₹ 5crore; 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<br>(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 (April-June 2011)** (Please tick (√) the relevant column)

|     |     |  |    |  |
|-----|-----|--|----|--|
| 400 | Yes |  | No |  |
|-----|-----|--|----|--|

If 'Yes' to item 400 indicate the possible reasons thereof (please tick (√) the relevant column for each reason)

| Code | Reasons                              | Current Quarter (April-June 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 (April-June 2011) and Expectations for the next quarter (July-September 2011)**

| Code | Parameter   | Current Quarter (April-June 2011)                       |           |               | Next Quarter (July-September 2011)                   |           |               |
|------|---|---|-----------|---------------|--|-----------|---------------|
|      |   | Please tick (√) changes over January-March 2011 quarter |           |               | Please tick (√) changes over April-June 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 |
| 511  | Inventory of Finished Goods (in quantity terms) @                         | Above average   | Average   | Below Average | Above Average  | Average   | Below Average |

## Annex (Concl.)

| Code | Parameter   | Current Quarter<br>(April-June 2011)                       |                                   |                           | Next Quarter<br>(July-September 2011)                   |                                   |                           |
|------|---|--|-----------------------------------|---------------------------|---|-----------------------------------|---------------------------|
|      |   | Please tick (✓) changes over<br>January-March 2011 quarter |                                   |                           | Please tick (✓) changes over<br>April-June 2011 quarter |                                   |                           |
| 512  | Capacity utilisation (main product)   | Increase   | No change                         | Decrease                  | Increase  | No change                         | Decrease                  |
| 513  | Level of capacity utilisation<br>(compared to the average in<br>preceding four quarters)      | Above<br>Normal  | Normal                            | Below<br>Normal           | Above<br>Normal   | Normal                            | Below<br>Normal           |
| 514  | Assessment of the Production<br>capacity with regard to expected<br>demand in next six months | More than<br>Adequate                                      | Adequate                          | Less than<br>Adequate     | More than<br>Adequate                                   | Adequate                          | Less than<br>Adequate     |
| 515  | Employment in the company<br>(All cadres including part-time/<br>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)<br>are expected to @@                                 | Increase   | No change                         | Decrease                  | Increase  | No change                         | Decrease                  |
| 519  | If increase expected in selling prices,<br>rate of such increase                              | Increase at<br>higher rate                                 | Increase at<br>about same<br>rate | Increase at<br>lower rate | Increase at<br>higher rate                              | Increase at<br>about same<br>rate | Increase at<br>lower rate |
| 520  | Profit Margin (Gross profits as<br>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'.

**Block 6. Investment Intentions**

Perceptions on state of Investment in Fixed Capital i.e., buildings, plant & machinery, etc., in your company for the financial (April-March) years 2010-11 and 2011-12 (please tick ( ) in relevant box):

|      |  |             |              |              |             |              |              |
|------|--|-------------|--------------|--------------|-------------|--------------|--------------|
| 610  | Did you made any investment in fixed capital during 2010-11  | Yes         |              | No           |             |              |              |
| 620  | Do you plan any investment in fixed capital during 2011-12   | Yes         |              | No           |             |              |              |
| 630  | If the investment is planned for 2011-12, will it be, compared to the previous year,   | Higher      | Lower        | About same   |             |              |              |
| 640  | Factors which influenced/are likely to influence investment climate for the years 2010-11 and 2011-12 (please tick in relevant box): |             |              |              |             |              |              |
| Year |  | 2010-11     |              |              | 2011-12     |              |              |
|      |  | Encouraging | Discouraging | No Influence | Encouraging | Discouraging | No Influence |
| 641  | Existing demand  |             |              |              |             |              |              |
| 642  | Cost of capital  |             |              |              |             |              |              |
| 643  | Availability of internal finance   |             |              |              |             |              |              |
| 644  | Ability to raise external finance  |             |              |              |             |              |              |
| 645  | Net return on investment   |             |              |              |             |              |              |
| 646  | Technical factors  |             |              |              |             |              |              |
| 647  | Availability of manpower   |             |              |              |             |              |              |
| 648  | Others(Please specify):  |             |              |              |             |              |              |

**To be filled in by the Agency**

|                                |  |                          |  |
|--------------------------------|--|--------------------------|--|
| <b>Investigated by</b>         |  | <b>Scrutinised by</b>    |  |
| Signature:                     |  | Signature:               |  |
| Name:                          |  | Name:                    |  |
| Date:                          |  | Date:                    |  |
| <b>Investigator's Remarks:</b> |  | <b>Scrutiny Remarks:</b> |  |