

## ***Industrial Outlook Survey: 2015-16\****

*This annual article, fourth in the series, presents the findings of Industrial Outlook Survey (IOS) conducted quarterly during FY: 2015-16 (covering 70<sup>th</sup> to 73<sup>rd</sup> rounds of the survey). In the first two quarters, the business sentiments in the manufacturing sector weakened followed by improvements in the third quarter. However, the fourth quarter witnessed some reversal with weakened business sentiments. Based on 4-quarter average Business Expectation Index (BEI), the business situation remained weaker in FY: 2015-16 as compared to FY:2014-15.*

### **I. Introduction**

The Reserve Bank of India monitors trends in various macroeconomic indicators in the process of formulating the monetary policy. However, most of these indicators are available with a time lag. In order to bridge the gap, the Reserve Bank conducts a few forward looking surveys covering corporate and household sectors. With more economic activities coming in the ambit of organised sector and the corporate sector being one of the key sectors in the economy, business sentiment surveys, which capture the sentiments that drive the current and near-term business decisions, provide key information inputs for policy formulation. Many other central banks also conduct such business sentiment surveys seeking qualitative information on various business indicators.

In line with the prevailing international practices, the Reserve Bank has been conducting the Industrial Outlook Survey (IOS) for Indian manufacturing sector on a quarterly basis, since 1998. The survey captures the assessment of business sentiments for the current quarter and expectation for the ensuing quarter, based on qualitative responses on a set of indicators

\* Prepared in the Division of Enterprise Surveys, Department of Statistics and Information Management, Reserve Bank of India, Mumbai. The latest round of the survey data was released on April 5, 2016 on RBI website and is available at <https://rbidocs.rbi.org.in/rdocs/Publications/PDFs/IOSQ040416124A4E08B1684B73949143890318EBAD.PDF>. The survey results are based on reporting by the respondents and are not necessarily shared by the Reserve Bank of India.

pertaining to the demand conditions, financial conditions, employment conditions and price situation.

The survey schedule is canvassed among a fixed panel of 2,500 manufacturing companies, mostly with paid-up capital above ₹5 million, representing a good mix of size and industry groups. The panel of respondents is kept uniform to the extent possible and is updated with addition of new companies or deletion of closed/merged companies to maintain good coverage of main industries. The survey is voluntary and the response rates have been around 55 per cent in 2015-16.

This article analyses the survey responses for four quarters- from April-June 2015 to January-March 2016 (*i.e.* FY: 2015-16). The quarterly survey results are regularly disseminated through the RBI website. The related data tables (annual series) are presented in Annex.

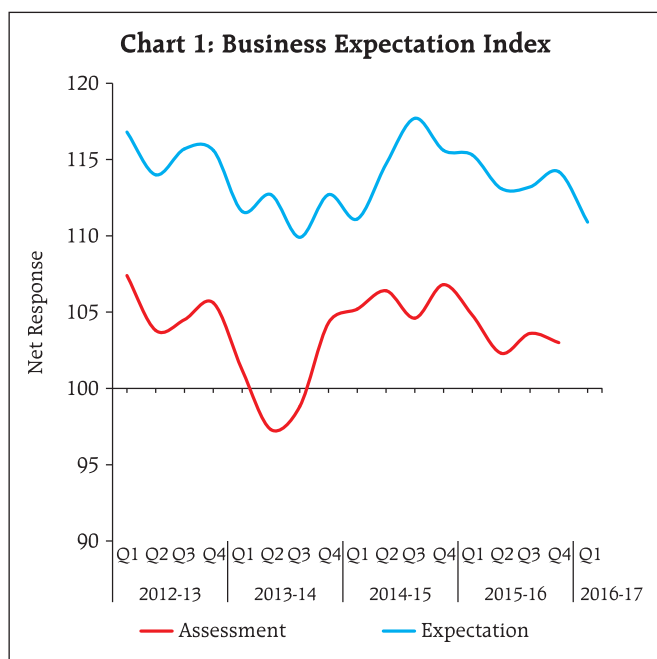
### **II. Business sentiments declined**

The Business Expectation Index (BEI), which is computed as a weighted average of the Net Response (NR)<sup>1</sup> on nine select performance indicators<sup>2</sup>, gives a single snapshot of the industrial outlook in each quarter. For each of the survey round, two indices are computed – one based on the assessment of current quarter and another based on expectation for ensuing quarter.

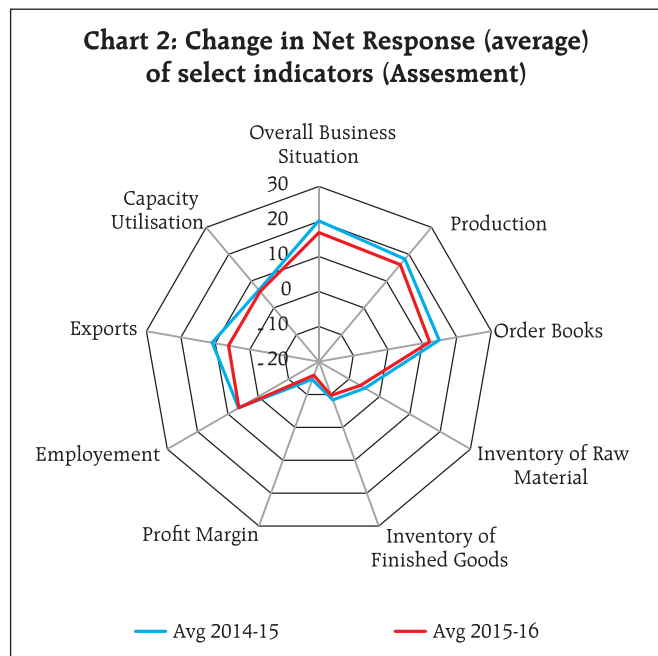
During the financial year 2015-16, the BEI (based on assessment) remained optimistic, hovering over the threshold level of 100, which separates contraction (below the threshold level) and expansion (above the threshold level) in the economy. The BEI (assessment) showed decline in the business situation in the first two quarters of FY: 2015-16 and improved in the third quarter. However, it again moderated in Q4.

<sup>1</sup> Net Response is the percentage difference between the optimistic (positive) and pessimistic (negative) responses.

<sup>2</sup> The detailed methodology used for the analysis of survey data was published in the article 'Quarterly Industrial Outlook Survey: Trends since 2000-01' in the RBI Monthly Bulletin of October 2009. However, for ready reference, the nine indicators considered for computation of BEI are – (1) overall business situation, (2) production, (3) order books, (4) inventory of raw material, (5) inventory of finished goods, (6) profit margin, (7) employment, (8) exports and (9) capacity utilisation.



On an annual basis, the 4-quarter average<sup>3</sup> BEI for 2015-16 stands at 103.4, which was 105.7 in the previous year. The decline in business situation in the 2015-16, as indicated by BEI is seen across all the nine indicators (which constitute BEI). Significant dips are seen in the indicators 'overall business situation', 'production', 'order books' and 'exports' (Chart 2).



<sup>3</sup> Simple arithmetic average of the net responses of nine business indicators of BEI, over the four quarters of the Financial Year.

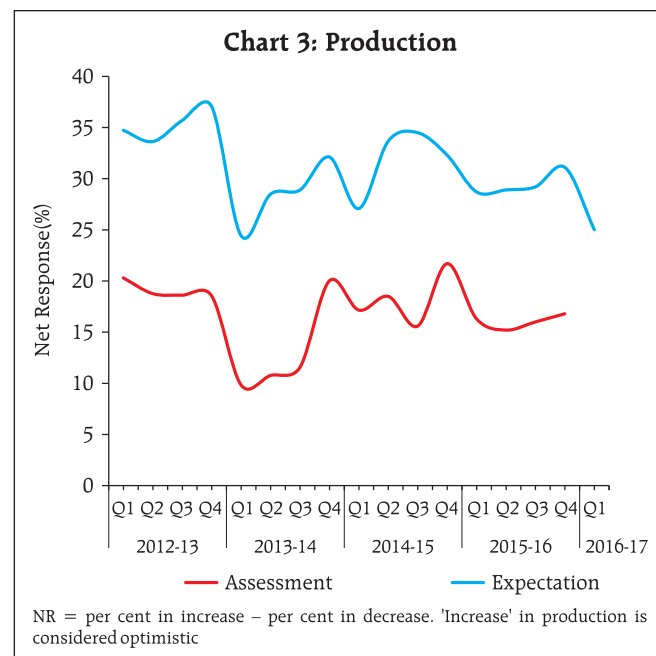
Generally the index based on expectation remains higher than the index based on assessment. The BEI (outlook/expectation) continued to be above the BEI (assessment) in FY:2015-16; however, their gap narrowed in the third quarter of the year and widened subsequently in Q4. On an annual basis, the 4-quarter average BEI (outlook) stood lower at 114.0 in FY: 2015-16 as compared to 114.8 in FY: 2014-15.

### III. Demand conditions remained sluggish in FY:2015-16

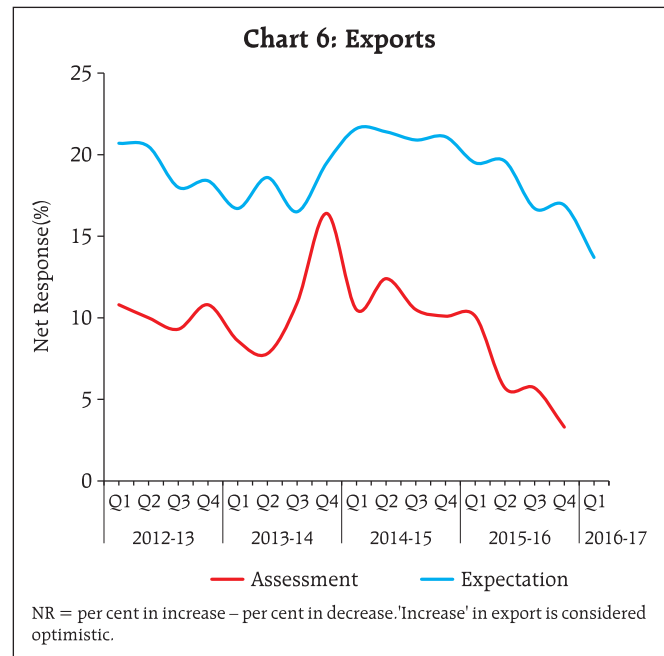
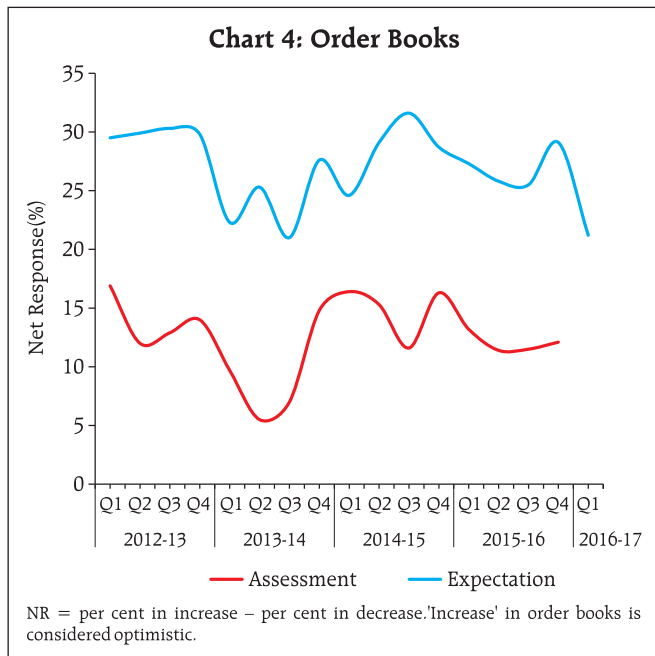
The survey collects perceptions of Indian manufacturers on the demand conditions through various indicators, namely, production, order books, capacity utilisation, level of inventories, exports and imports. For most of the above indicators, outlook during 2015-16 weakened as compared to the corresponding position a year ago.

The assessment of production dipped in H1: 2015-16, partly reflecting seasonality. However, it improved in H2:2015-16. Though the net responses relating to 'Expectations' are always higher than that of 'Assessment', both the series mostly moved in similar direction (Chart 3).

The assessment of order books also declined in H1:2015-16 in line with production and gradually improved in H2: 2015-16. Nevertheless, in absolute



NR = per cent in increase – per cent in decrease. 'Increase' in production is considered optimistic

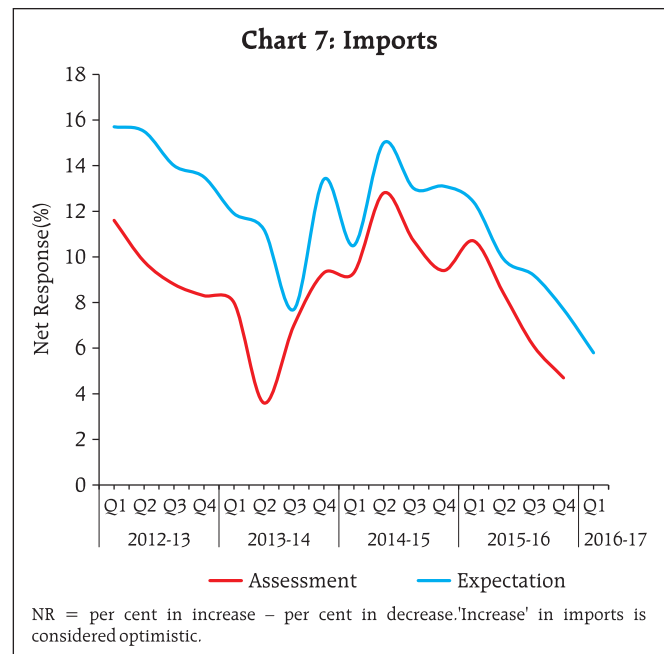
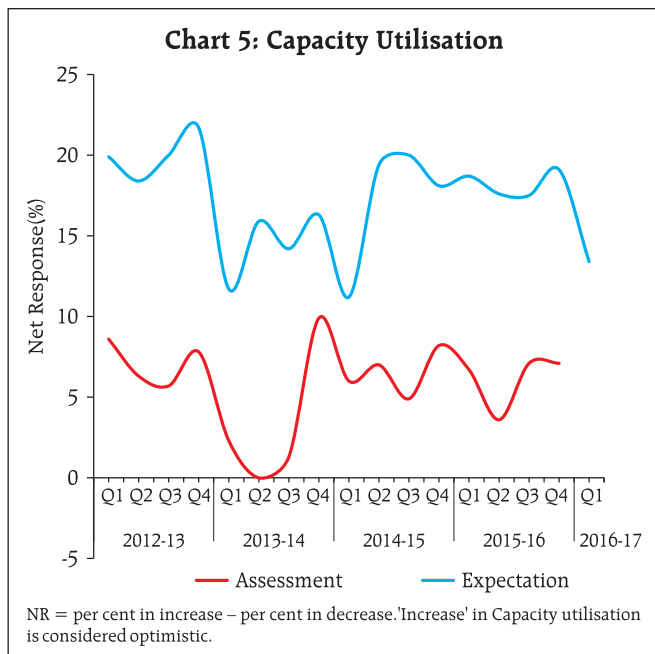


sense, the net response for production and order books remained in the positive territory throughout the year, which may be indicative of the stable growth (Chart 4).

The outlook on capacity utilisation (CU) reflected similar movement as of production (Chart 5). The net response on capacity utilisation (assessment) also remained in the positive zone since Q3:2013-14. However, it dipped significantly in Q2:2015-16, but bounced back to the 2014-15 level thereafter.

Outlook on exports continued to exhibit declining trend from the levels attained in 2014-15. The assessment showed similar movements with a sharp dip in Q2:2015-16 (Chart 6).

The outlook on imports declined uniformly throughout FY:2015-16. Going forward, the outlook for Q1:2016-17 continues with lowered optimism (Chart 7).

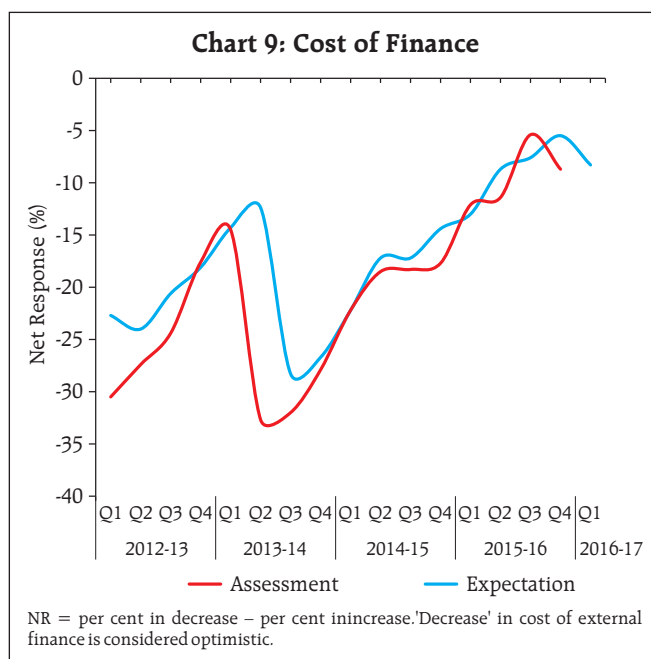


According to the survey, most of the responding firms (about 75 per cent) reported 'average' position for the inventory levels of raw material and finished goods on a quarterly basis during FY:2015-16. Of the remaining, on an annual basis, relatively higher percentage of respondents reported with 'above average' level of inventory (pessimism) than those reported 'below average' (optimism) during FY:2015-16, leading to negative net response levels.

**IV. Financial situation in FY:2015-16**

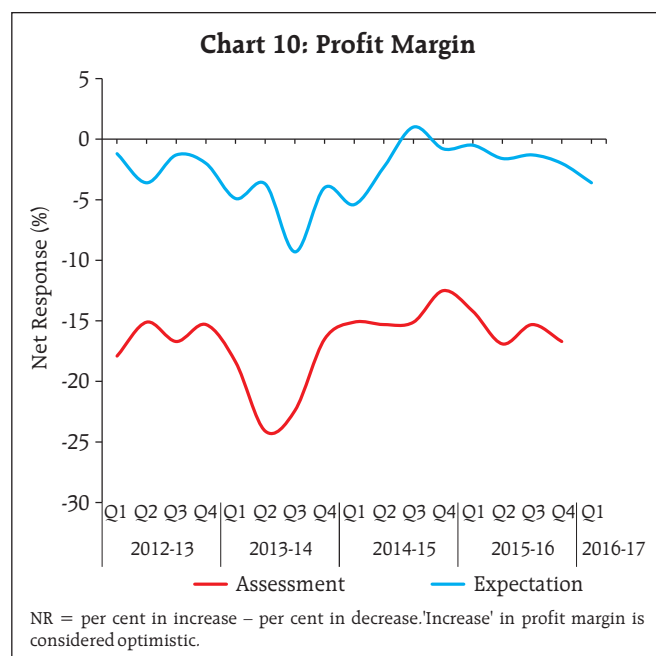
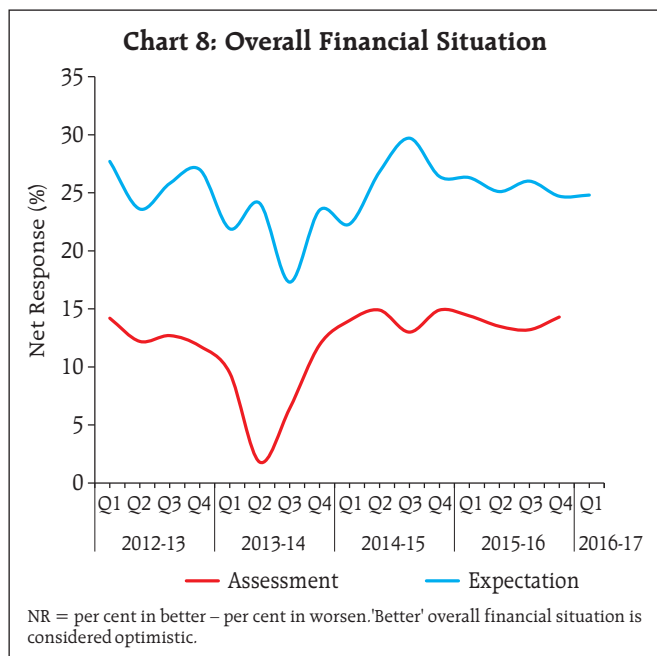
The survey assesses the financial situation based on several indicators, viz., overall financial situation, availability of finance, cost of external finance, and profit margin. The optimism level in the assessment and expectation of overall financial situation remained flat and hovered in the positive territory in FY:2015-16.

As regards availability of finance from different sources like, internal accruals, banks/other financial institutions and overseas, majority of companies (varying in the range of 60-85 per cent for different sources) reported 'no change' in the situation. Among the remaining responses, the assessment remained optimistic as more companies indicated better situation than those that felt worsening of situation.



Though most of the companies indicated 'increase' or 'no change' in 'cost of finance', the sentiment has improved during 2015-16; although the outlook for Q1:2016-17 indicates marginal moderation (Chart 9).

The assessment of 'profit margin' remained in the contraction zone. During the year, the assessment followed a downward trend, with a slight improvement in Q3:2015-16 (Chart 10). The outlook (expectation)



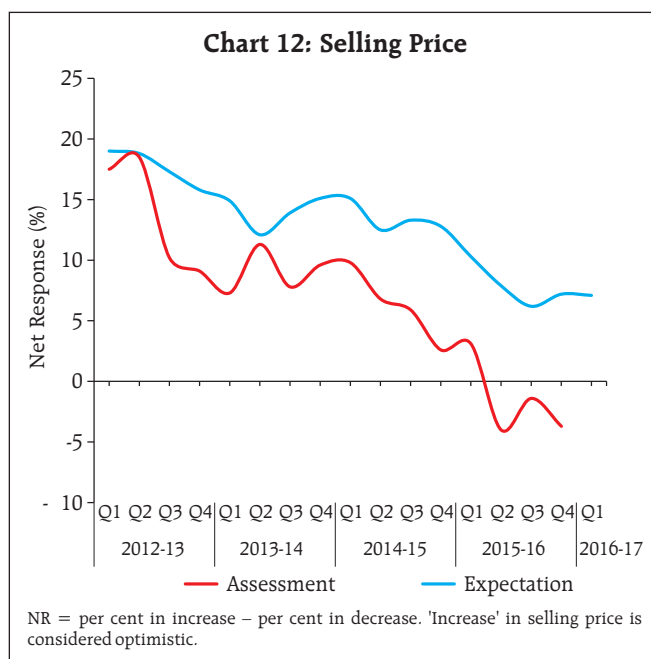
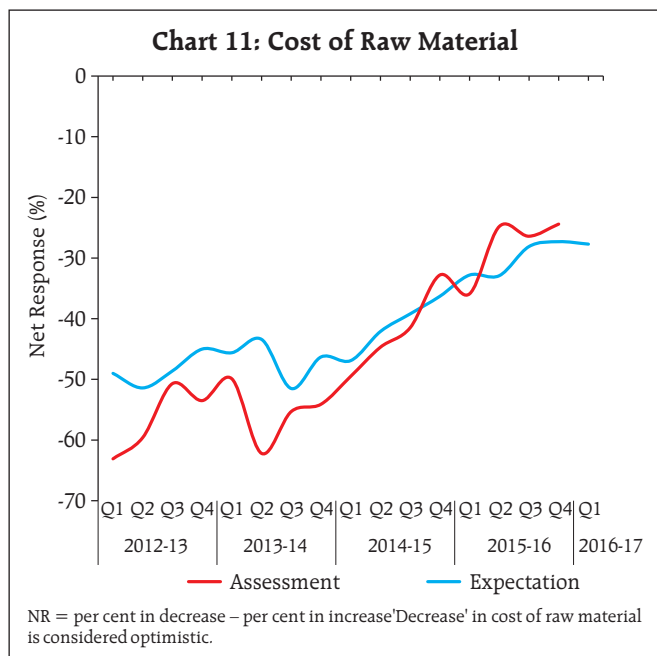
almost reached the expansion zone in Q1:2015-16, but thereafter went further into the contraction zone.

**V. Employment and Price Situation**

The survey seeks views of the companies on employment outlook. Majority (about 70-80 per cent) of companies reported 'no change' in the employment level on quarter-to-quarter basis and based on the remaining responses, the optimism level remained high in the first three quarters which dipped in the last quarter. The outlook for Q1:2016-17 indicates further decline in the optimism level. The assessment followed a downward trend consistently throughout the year following the trend in demand outlook.

As regards price situation, the survey elicits current assessment as well as one quarter ahead outlook on cost of raw material and selling prices from the respondent companies. The outlook on cost of raw material continued to improve in FY:2015-16 (Chart 11).

Although, net response on 'cost of raw material' continued to remain pessimistic, the secular (upward) trend is due to lesser percentage of companies assessing and expecting the cost of raw material to rise. The outlook for Q1:2016-17 remains flat. The percentage of respondent reporting 'decrease' in the cost of finance



and cost of raw material has increased gradually during the year.

The net response on selling price continued to witness downward trend during the year. The assessment witnessed a sharper downward trend as compared to the movements of expectation. It entered into the contraction zone in Q2:2015-16 and remained in this territory subsequently (Chart 12).

**VI. Size-wise Analysis**

Currently, in the IOS, size-wise categorisation of the respondents is done on the basis of amount invested in plant and machinery. There are four such categories: Micro (for investment upto ₹2.5 million), Small (for investment between ₹2.5 million and ₹50 million), Medium (for investment between ₹50 million and ₹100 million)<sup>4</sup> and Large (for investment more than ₹100 million). In the past few rounds, around 4 per cent of the respondents reported as Micro Enterprises, 20 per cent as Small, 35 per cent as Medium and 40 per cent as Large. Net Responses (NR)

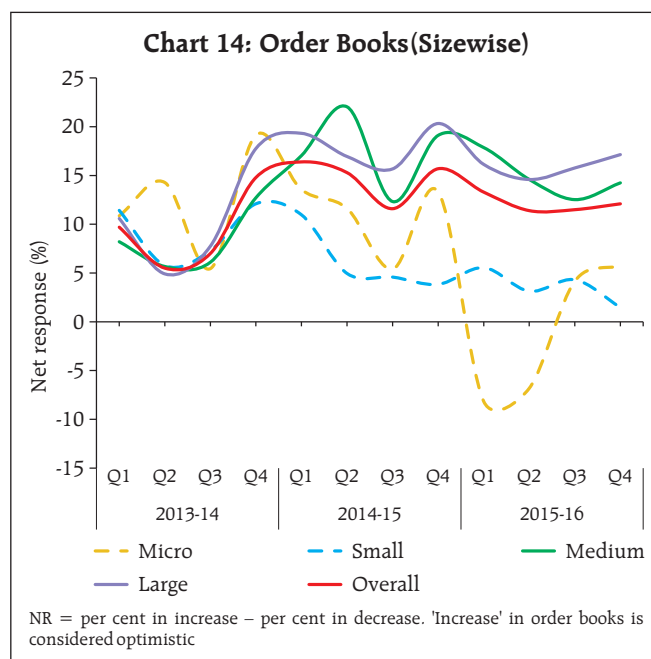
<sup>4</sup> This classification is in accordance with MSME definition under the MSMED Act, 2006 (source : Annual Reports 2015-16, Ministry of MSME, GoI page 169)



of these categories were calculated and compared with the overall NR for the select indicators *viz.*, Availability of finance, Production, Order Books, Capacity Utilisation and Selling Price. Large and Medium Enterprises being in majority seem to be driving the overall NR. While Small Companies' NR by and large track the similar movements, the NR of Micro Enterprises stands out of the others.

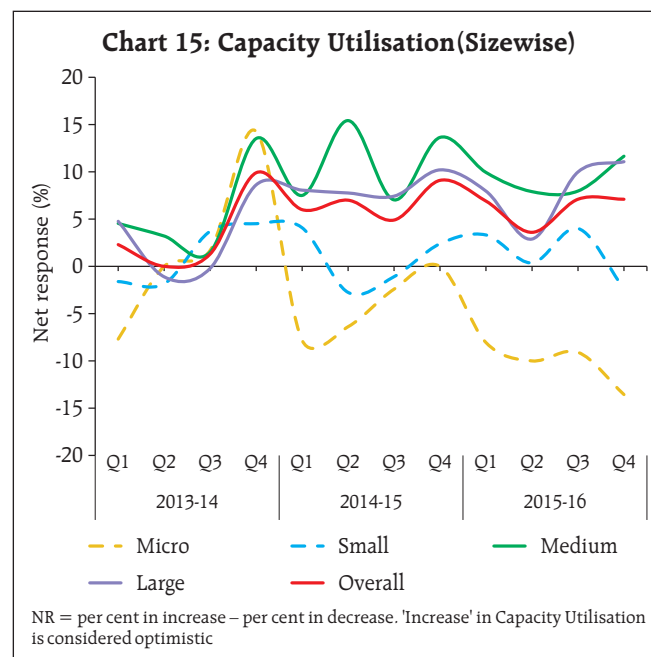
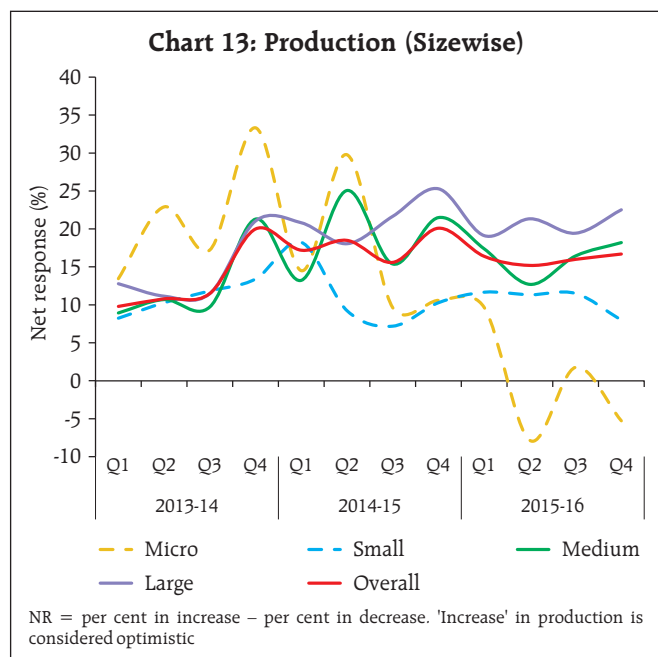
In assessing Production, while all other NRs were range bound and relatively stable, the sentiments in terms of NR of Micro Enterprises has been following a downward trend since Q4: 2013-14 which finally entered into the contraction zone in Q2:2015-16 (Chart 13). Similar pattern is observed in other demand indicators *viz.* Capacity Utilisation and Order Books, for which assessment entered into the contraction zone in Q1: 2015-16. Capacity Utilisation shows no signs of a turnaround in 2015-16 (Chart 14 and 15).

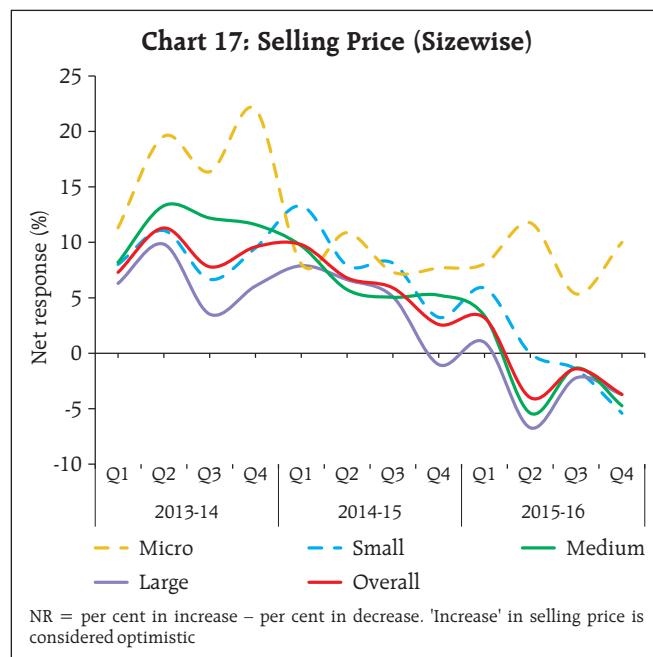
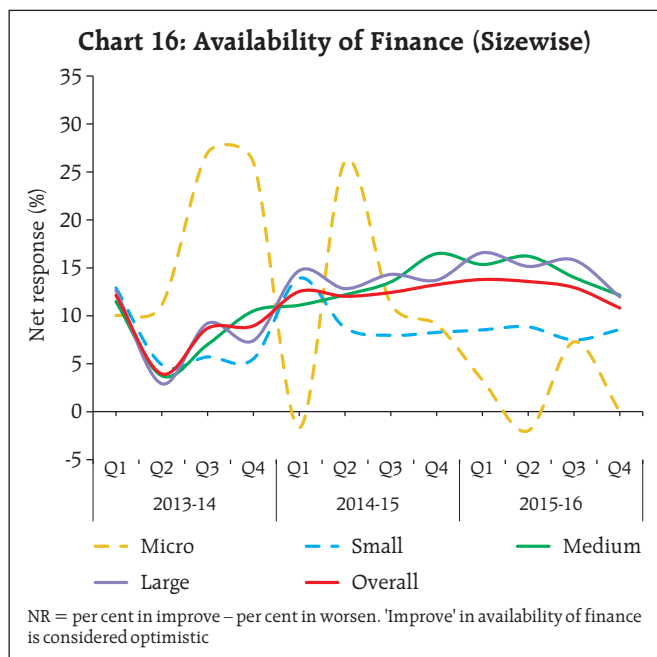
The sentiments on availability of finance varied widely in case of micro enterprises during the period 2013-16 and witnessed a downward trend between Q2:2014-15 to Q2:2015-16. The other categories *viz.*



small, medium and large enterprises reported steady level of optimism in respect of availability of finance (Chart 16).

Interestingly, sentiments on Selling Price showed that the NR for Micro enterprises remained range bound in the positive territory, while NR for larger sized





companies continued to decline and crossed over to the contraction zone in FY: 2015-16 (Chart 17).

**VII. Conclusion**

The BEI (assessment) remained lower in all quarters as compared to its levels of same quarters of the previous year, FY: 2014-15, indicating a slowdown in the Indian manufacturing activities. All the individual indicators (used for BEI computation) witnessed moderation during FY: 2015-16 over FY: 2014-15. In particular, the net responses of overall business situation, production, order books and exports showed

significant decline in FY: 2015-16 over FY: 2014-15. Going forward, BEI(expectation) for Q1: 2016-17 indicates further sluggishness in the manufacturing sector.

Improved sentiments on cost of raw material and cost of finance were observed during FY: 2015-16 alongwith the declining selling price. The net response of profit margin remained in the negative region and decreased further in FY: 2015-16. The sentiments of enterprises in different size segments varied to some extent.

## Annex

**Table 1: Assessment & Expectation for Production**(Percentage responses)<sup>@</sup>

Year <sup>§</sup>	Total response	Assessment				Expectation			
		Increase	Decrease	No change	Net response#	Increase	Decrease	No change	Net response#
2010-11	1395	51.5	11.4	37.1	40.2	51.7	8.2	40.1	43.5
2011-12	1429	44.1	15.8	40.1	28.3	49.5	9.3	41.2	40.2
2012-13	1414	37.7	18.7	43.6	19.1	45.8	10.5	43.7	35.3
2013-14	1216	33.0	20.0	47.0	13.0	40.5	12.0	47.5	28.5
2014-15	1543	35.4	17.2	47.4	18.2	42.2	10.3	47.4	31.9
2015-16	1321	34.5	18.4	47.1	16.1	40.4	11.0	48.7	29.5
Q1: 2016-17						38.8	13.8	47.4	25.0

<sup>§</sup> 'Increase' in production is optimistic.<sup>@</sup> Due to rounding off percentage may not add up to 100.

# Net Response (NR) is the difference of percentage of the respondents reporting optimism and that reporting pessimism.

<sup>§</sup> Annual responses are arithmetic mean of quarterly responses.The above footnotes(<sup>@</sup>, # and <sup>§</sup>) are applicable for all the tables 1 to 17.**Table 2: Assessment & Expectation for Order Books**

(Percentage responses)

Year	Total response	Assessment				Expectation			
		Increase	Decrease	No change	Net response	Increase	Decrease	No change	Net response
2010-11	1395	44.7	9.7	45.6	35.0	46.5	6.9	46.5	39.6
2011-12	1429	39.1	16.2	44.8	22.9	44.3	9.5	46.2	34.8
2012-13	1414	32.7	18.7	48.6	14.0	40.4	10.5	49.2	29.9
2013-14	1216	29.7	20.4	49.9	9.3	36.3	12.2	51.5	24.1
2014-15	1543	31.5	16.6	52.0	14.9	38.3	9.7	52.0	28.5
2015-16	1321	31.0	19.0	50.0	12.1	38.1	11.2	50.8	26.9
Q1: 2016-17						35.5	14.3	50.3	21.2

<sup>§</sup> 'Increase' in order books is optimistic.**Table 3: Assessment & Expectation for Pending Orders**

(Percentage responses)

Year	Total response	Assessment				Expectation			
		Below Normal	Above Normal	Normal	Net response	Below Normal	Above Normal	Normal	Net response
2010-11	1395	12.6	7.2	80.2	5.4	10.7	7.3	82.0	3.5
2011-12	1429	16.2	5.5	78.4	10.7	12.4	6.6	81.0	5.8
2012-13	1414	18.4	5.1	76.4	13.3	14.2	5.6	80.2	8.7
2013-14	1216	19.1	4.5	76.4	14.6	16.1	4.9	79.0	11.2
2014-15	1543	17.1	5.2	77.8	11.9	12.6	5.5	81.9	7.1
2015-16	1321	18.7	4.9	76.5	13.8	13.8	6.6	79.7	7.2
Q1: 2016-17						15.1	4.9	80.0	10.2

<sup>§</sup> 'Below Normal' in pending orders is optimistic.



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

(Percentage responses)

Indicator	Options	Assessment				Expectation			
		2012-13	2013-14	2014-15	2015-16	2012-13	2013-14	2014-15	2015-16
Capacity Utilisation (CU)-(main product)	Increase	24.2	22.2	23.0	23.3	30.6	26.6	27.8	27.7
	No Change	58.7	58.9	60.5	59.6	58.7	61.3	61.6	62.8
	Decrease	17.1	18.9	16.5	17.2	10.6	12.1	10.6	9.5
	Net Response	7.1	3.4	6.6	6.1	20.0	14.5	17.2	18.2
Level of CU (compared to the average in last 4 quarters)	Above normal	9.8	9.0	9.8	9.4	11.2	10.3	10.2	10.3
	Normal	71.4	70.9	71.4	71.7	76.6	74.8	76.5	76.7
	Below Normal	18.9	20.0	18.8	18.9	12.3	14.9	13.2	12.9
	Net Response	-9.1	-11.0	-9.0	-9.5	-1.1	-4.6	-3.0	-2.6
Assessment of Prod. Capacity (with regard to expected demand in next 6 months)	More than adequate	13.3	14.9	13.9	14.4	12.6	14.5	13.0	14.7
	Adequate	78.4	77.0	77.2	77.5	80.5	78.1	80.3	78.5
	Less than adequate	8.3	8.5	8.4	8.2	6.9	7.4	6.7	6.9
	Net Response	4.9	6.0	5.5	6.2	5.7	7.0	6.3	7.8

'Increase' in capacity utilisation is optimistic.

**Table 5: Assessment & Expectation for Exports**

(Percentage responses)

Year	Total response	Assessment				Expectation			
		Increase	Decrease	No change	Net response	Increase	Decrease	No change	Net response
2010-11	1395	31.8	12.5	55.6	19.3	32.4	9.5	58.1	22.9
2011-12	1429	28.8	14.6	56.7	14.2	32.5	9.9	57.6	22.6
2012-13	1414	25.3	15.0	59.7	10.2	29.6	10.2	60.1	19.4
2013-14	1216	25.6	14.6	59.8	10.9	27.9	10.0	62.1	17.8
2014-15	1543	24.8	14.0	61.2	10.9	29.8	8.6	61.5	21.2
2015-16	1321	23.3	17.1	59.7	6.2	27.3	9.2	63.5	18.2
Q1: 2016-17						25.7	12.0	62.3	13.7

'Increase' in exports is optimistic.

**Table 6: Assessment & Expectation for Imports**

(Percentage responses)

Year	Total response	Assessment				Expectation			
		Increase	Decrease	No change	Net response	Increase	Decrease	No change	Net response
2010-11	1395	27.7	6.7	65.6	20.9	26.0	5.4	68.6	20.6
2011-12	1429	22.9	8.1	69.0	14.8	24.1	6.5	69.4	17.6
2012-13	1414	20.3	10.7	69.0	9.6	22.1	7.4	70.5	14.7
2013-14	1216	18.8	11.9	69.3	7.0	20.0	9.0	71.0	11.1
2014-15	1543	19.8	9.3	70.9	10.5	19.8	7.0	73.2	12.9
2015-16	1321	18.4	10.9	70.7	7.5	18.2	8.4	73.5	9.8
Q1: 2016-17						16.7	10.9	72.4	5.8

'Increase' in imports is optimistic.

**Table 7: Assessment & Expectation for level of Inventory (Raw Material and Finished Goods)**

(Percentage responses)

Indicator	Options	Assessment				Expectation			
		2012-13	2013-14	2014-15	2015-16	2012-13	2013-14	2014-15	2015-16
Inventory of raw material	Below average	7.6	8.2	8.1	6.9	5.6	6.0	6.2	5.9
	Average	80.4	78.9	79.2	80.0	84.3	83.8	84.0	83.7
	Above average	12.0	13.0	12.7	13.2	10.0	10.2	9.8	10.5
	Net Response	-4.4	-4.8	-4.7	-6.3	-4.4	-4.2	-3.6	-4.7
Inventory of finished goods	Below average	7.0	7.6	7.7	7.5	6.4	6.5	6.7	6.2
	Average	78.6	76.6	76.3	75.5	84.1	82.3	82.6	80.9
	Above average	14.3	15.8	16.0	17.1	9.5	11.2	10.7	12.9
	Net Response	-7.3	-8.1	-8.3	-9.7	-3.2	-4.7	-4.0	-6.8

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

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

(Percentage responses)

Year	Total response	Assessment				Expectation			
		Increase	Decrease	No change	Net response	Increase	Decrease	No change	Net response
(2010-11	1395	24.0	6.1	70.0	17.9	22.7	4.7	72.5	18.0
2011-12	1429	21.4	6.9	71.6	14.5	22.0	5.3	72.8	16.7
2012-13	1414	17.3	9.7	73.0	7.7	19.2	6.6	74.2	12.6
2013-14	1216	13.7	11.5	74.8	2.2	14.9	8.1	77.0	6.8
2014-15	1543	15.4	9.0	75.6	6.5	15.8	6.7	77.6	9.1
2015-16	1321	15.4	9.5	75.1	5.8	15.8	6.6	77.6	9.2
Q1: 2016-17						15.1	8.0	76.9	7.1

'Increase' in employment is optimistic.

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

(Percentage responses)

Year	Total response	Assessment				Expectation			
		Better	Worsen	No change	Net response	Better	Worsen	No change	Net response
2010-11	1395	39.1	7.3	53.6	31.7	42.9	5.2	51.9	37.8
2011-12	1429	30.2	13.8	56.0	16.4	36.7	7.9	55.4	28.9
2012-13	1414	27.0	14.3	58.7	12.8	34.7	8.6	56.7	26.0
2013-14	1216	23.3	15.9	60.7	7.4	31.9	10.1	58.0	21.7
2014-15	1543	27.1	12.9	60.0	14.2	33.7	7.4	58.9	26.3
2015-16	1321	27.2	13.4	59.5	13.7	34.2	8.6	57.3	25.5
Q1: 2016-17						33.1	8.3	58.6	24.8

'Better' overall financial situation is optimistic.

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

(Percentage responses)

Year	Total response	Assessment				Expectation			
		Increase	Decrease	No change	Net response	Increase	Decrease	No change	Net response
2010-11	1395	38.1	4.8	57.0	33.3	36.6	3.7	59.7	32.8
2011-12	1429	39.2	5.5	55.3	33.7	38.1	4.5	57.4	33.6
2012-13	1414	36.0	6.2	57.8	29.8	36.0	4.3	59.6	31.7
2013-14	1216	33.4	7.2	59.4	26.2	33.0	5.8	61.2	27.3
2014-15	1543	32.5	6.5	61.0	26.1	32.8	5.0	62.2	27.8
2015-16	1321	30.2	6.5	63.2	23.8	30.5	4.8	64.8	25.7
Q1: 2016-17						30.0	5.4	64.6	24.6

'Increase' in working capital finance is optimistic.

**Table 11: Assessment & Expectation for Availability of Finance**

(Percentage responses)

Indicator	Options	Assessment			Expectation		
		2013-14	2013-14	2014-15	2013-14	2013-14	2014-15
Availability of finance (from internal accruals)	Improve	20.4	23.0	21.7	24.6	25.7	24.6
	No Change	67.2	66.2	68.4	67.9	67.5	68.8
	Worsen	12.3	10.7	9.9	7.5	6.8	6.7
	Net Response	8.1	12.3	11.8	17.1	18.9	17.9
Availability of Finance (from banks & other sources)	Improve	17.1	19.7	19.0	19.0	20.8	21.1
	No Change	74.2	73.1	74.8	76.2	74.6	74.6
	Worsen	8.7	7.2	6.2	4.8	4.6	4.3
	Net Response	8.4	12.6	12.8	14.2	16.2	16.8
Availability of Finance (from overseas, if applicable)	Improve	9.8	11.3	11.1	10.9	11.8	12.7
	No Change	84.9	83.3	83.7	84.4	84.6	83.6
	Worsen	6.3	5.4	5.2	4.8	3.6	3.7
	Net Response	3.5	5.9	5.9	6.1	8.2	9.0

Improvement' in availability of finance is optimistic.

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

(Percentage responses)

Year	Total response	Assessment				Expectation			
		Decrease	Increase	No change	Net response	Decrease	Increase	No change	Net response
2010-11	1395	4.9	36.5	58.6	-31.7	4.8	30.7	64.5	-25.9
2011-12	1429	3.4	50.2	46.4	-46.8	3.8	42.5	53.7	-38.6
2012-13	1414	7.1	32.1	60.9	-25.0	8.4	29.7	61.9	-21.3
2013-14	1216	6.4	33.2	60.4	-26.8	7.0	27.4	65.6	-20.4
2014-15	1543	6.6	25.7	67.7	-19.2	6.1	23.9	70.0	-17.8
2015-16	1321	11.2	20.8	67.9	-9.6	9.9	18.6	71.6	-8.7
Q1: 2016-17						8.8	17.1	74.1	-8.3

'Decrease' in cost of external finance is optimistic.

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

(Percentage responses)

Year	Total response	Assessment				Expectation			
		Decrease	Increase	No change	Net response	Decrease	Increase	No change	Net response
2010-11	1395	2.5	66.7	30.7	-64.2	2.6	52.8	44.5	-50.2
2011-12	1429	4.5	65.6	29.9	-61.0	3.8	55.9	40.4	-52.1
2012-13	1414	4.0	60.7	35.3	-56.7	3.2	51.7	45.2	-48.5
2013-14	1216	3.5	58.9	37.5	-55.4	3.3	50.0	46.7	-46.7
2014-15	1543	6.1	48.3	45.6	-42.1	3.9	45.0	51.0	-41.1
2015-16	1321	11.4	40.4	48.2	-29.0	6.3	36.6	57.1	-30.3
Q1: 2016-17						8.3	36.0	55.7	-27.7

'Decrease' in cost of raw material is optimistic.

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

(Percentage responses)

Year	Total response	Assessment				Expectation			
		Increase	Decrease	No change	Net response	Increase	Decrease	No change	Net response
2010-11	1395	30.8	11.4	57.8	19.5	24.8	8.8	66.4	16.0
2011-12	1429	28.0	14.4	57.6	13.6	27.9	9.7	62.4	18.2
2012-13	1414	25.6	11.7	62.7	13.8	25.6	7.9	66.5	17.7
2013-14	1216	22.7	13.7	63.6	9.0	22.7	8.8	68.5	14.0
2014-15	1543	20.1	13.8	66.1	6.3	21.4	8.0	70.5	13.4
2015-16	1321	16.9	17.7	65.4	-1.8	18.7	10.8	70.5	7.9
Q1: 2016-17						20.2	13.1	66.7	7.1

'Increase' in selling price is optimistic.

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

(Percentage responses)

Year	Total response	Assessment				Expectation			
		Increase	Decrease	No change	Net response	Increase	Decrease	No change	Net response
2010-11	1395	21.2	24.3	54.5	-3.0	23.8	17.8	58.4	5.9
2011-12	1429	16.5	30.4	53.1	-13.9	21.2	20.7	58.1	0.5
2012-13	1414	15.6	31.8	52.6	-16.2	19.9	22.0	58.1	-2.0
2013-14	1216	13.2	33.5	53.3	-20.3	17.7	23.2	59.0	-5.5
2014-15	1543	14.1	28.5	57.4	-14.5	18.3	20.2	61.6	-1.9
2015-16	1321	13.8	29.5	56.7	-15.8	18.5	19.8	61.8	-1.4
Q1: 2016-17						18.5	22.1	59.4	-3.6

'Increase' in profit margin is optimistic.

**Table 16: Assessment & Expectation for Overall Business Situation**

(Percentage responses)

Year	Total response	Assessment				Expectation			
		Better	Worsen	No change	Net response	Better	Worsen	No change	Net response
2010-11	1395	48.0	7.0	45.0	41.0	50.4	5.4	44.2	45.1
2011-12	1429	37.5	13.6	48.9	23.9	45.1	7.6	47.3	37.5
2012-13	1414	32.7	15.2	52.1	17.5	42.3	8.5	49.1	33.8
2013-14	1216	29.3	17.5	53.3	11.8	39.1	9.9	50.9	29.2
2014-15	1543	33.3	13.1	53.6	20.2	42.2	7.2	50.6	35.0
2015-16	1321	31.2	14.5	54.4	16.8	41.0	7.7	51.4	33.2
Q1: 2016-17						39.4	8.9	51.7	30.5

'Better' Overall Business Situation is optimistic.

**Table 17: Assessment & Expectation for Salary/Other Remuneration**

(Percentage responses)

Year	Total response	Assessment				Expectation			
		Increase	Decrease	No change	Net response	Increase	Decrease	No change	Net response
2013-14	1216	29.5	3.5	67.0	26.1	23.9	2.9	73.2	21.0
2014-15	1543	31.1	3.9	64.8	27.2	26.9	3.3	69.8	23.6
2015-16	1321	31.9	2.9	65.3	29.0	26.6	3.0	70.3	23.6
Q1: 2016-17						33.2	2.9	63.9	30.3

'Increase in Salary / other remuneration' is optimistic.

**Table 18: Business Expectation Index (BEI)**

Year	BEI-Assessment	BEI-Expectation
2010-11	119.9	122.7
2011-12	112.7	119.9
2012-13	105.3	115.5
2013-14	100.4	111.7
2014-15	105.7	114.8
2015-16	103.4	114.0
Q1: 2016-17		110.9