

## *Quarterly Industrial Outlook Survey: January - March 2010 (49th Round)\**

*This article presents the survey findings of Industrial Outlook Survey conducted for January- March 2010 quarter, the 49th round in the series. It gives the assessment of business situation of companies in manufacturing sector, for the quarter January- March 2010, and their expectations for the ensuing quarter April -June 2010. The survey findings indicate that India's manufacturing sector continued to recover robustly from a very modest slowdown that prevailed in the second half of 2008-09 fiscal year, with business conditions improving at an accelerated pace. Strong gains in new orders buoyed by strong demand from home and abroad, and further gains in output led companies in the sector to expand their input purchases and expand their raw material stocks. The Business Expectation Index registered an increase of 5.1 per cent (from 112.8 to 118.5) over the previous survey quarter indicating another strong improvement in the verve of the manufacturing sector.*

### **Highlights**

The survey conducted in January-March 2010 signals continued improvement in the sentiments of the manufacturing sector which indicates that India's manufacturing economy continued to expand pointing towards a robust growth in the overall performance. The seasonality that prevailed during the Q4 quarter of the financial years has shadowed the expected performance of the manufacturing sector for April-June 2010 quarter with the net responses of all the leading indicators falling at a lesser extend.

\* Prepared in the Survey Division of Department of Statistics and Information Management. The previous article on the subject based on 48<sup>th</sup> Round (October-December 2009) was published in March 2010 Bulletin.

- The **demand conditions** show signs of further escalation in the survey quarter pointing towards economic boom. This is reflected from the enhanced growth in production, order books and export and import orders in the current quarter as compared to previous quarter. This suggests strong demand for Indian's exports as the global economy recovers. In addition, domestic demand is strengthening as business conditions accelerate in line with a high level of confidence. The inventory levels (both raw material and finished goods) for the current quarter has shown no significant change over the previous quarter. However the demand situation shows a slow pace for the ensuing quarter.
- The **financial conditions** show a further recuperation as more respondents assessed 'betterment' of overall financial situation during the assessment quarter under review. The working capital finance requirement and availability of finance has grown further which suggests that demand for short term funds from the private sector may rise in the coming months. Input price inflation remained sharp during the latest survey period, with respondents reporting greater raw material costs. The pressure on profit margins is expected to be relieved in the coming months and as a sign of gradual return of the pricing power, the selling prices are expected to increase. According to the survey findings, the outlook for employment is also improving though at a lower speed as compared to the previous quarter.
- The Business Expectation Index (BEI) based on assessment for January-March 2010 has remained in growth terrain and reached to 118.5 from 112.8. The Index for January-March 2010 though maintained the upsurge with the index moving up by 5.1 per cent; the acceleration on the same is seen to be moving down by a few notches for the ensuing quarter and has moderated slightly from 120.6 in the last survey to 119.8 in the current survey
- The **industry-wise** break-up shows that while all the industry groups have positive overall business sentiments in the present quarter, specifically a few industry groups, *viz.*, Diversified, Pharmaceuticals and Medicines, Basic Chemicals, Metals and Metal Products are more optimistic than the others. Cement, Food, Wood & Wood products and Rubber expect low business performance in Q1 FY10. Cement industry shows low order book and capacity utilisation, and profits and prices are expected to decline.
- **Size wise analysis** shows that the improvement is seen across all size groups, but the bigger companies are most optimistic and they expect high order book, building up inventory and return of pricing power. The smaller companies (annual production less than Rs 100 crore) though have improved in their performance; their growth is at a lower rate as compared to bigger companies.

### 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 selected non-financial 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 and employment expectations, profit margins, etc. 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 about 2298 non-financial public and private limited companies, mostly with paid up capital above Rs. 50 lakh, in the manufacturing sector. The fieldwork for the survey was carried out by outsourcing it during the two-month period ending February 2010. The panel of respondents is kept uniform to the extent possible except for 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.

<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.

### II.2. Response to the Survey

The survey elicited response from 1093 companies (48 per cent of the sample) within the stipulated time. Companies with incomplete or improperly filled-in schedules were excluded for the analysis. The study is based on responses of 1079 companies which were included in the analysis.

### II.3. The Survey Schedule

The survey schedule predominantly consists of qualitative questions and the target respondents are senior management personnel or finance heads of the companies. The schedule canvassed on quarterly basis runs into two pages containing five blocks. (Annex)

## III. Survey Findings

The survey results are being published in a concise form in the Reserve Bank's quarterly publication 'Macroeconomic and Monetary Developments' since 2005 and Monetary Policy statements. The survey findings of the 49th round conducted for **January- March 2010** quarter are presented in this article.

### III.1. Demand conditions

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

#### III.1.1. Production

The questions on production seek the company's assessment for January- March 2010 and expectations for April-June 2010

Table 1: Assessment &amp; Expectations for Production

(Percentage responses)									
Survey Quarter	Total response	Assessment for Current Quarter				Expectation for Next Quarter			
		Increase	Decrease	No change	Net response	Increase	Decrease	No change	Net response
1	2	3	4	5	6	7	8	9	10
Jul-Sep 08	1032	42.5	17.3	40.2	25.2	53.4	9.9	36.6	43.5
Oct-Dec 08	1178	36.0	24.9	39.1	11.1	48.8	9.0	42.1	39.8
Jan-Mar 09	1225	27.1	35.1	37.7	-8.0	41.8	15.8	42.3	26.0
Apr-Jun 09	1242	33.1	26.2	40.6	6.9	32.5	22.6	44.9	9.9
Jul-Sep 09	1180	40.9	18.3	40.8	22.6	38.5	16.1	45.5	22.4
Oct-Dec 09	1256	44.0	15.2	40.8	28.9	46.0	11.0	43.0	35.0
Jan-Mar 10	1079	49.0	12.5	38.5	36.5	48.8	8.8	42.3	40.0
Apr-Jun 10						45.8	9.9	44.3	35.9

of Production (for all products), whether it will increase, decrease, or there will be no change. On the output front, the net responses on the **assessment** went up to 36.5 from 28.9 where as its expectation on the same registered a *significant* fall to 35.9 from 40.0 observed in the preceding round (Table: 1 and Chart: 1). This shows that although the demand conditions are improving for the assessment quarter, the manufacturers anticipate a little plunge on the same in the near future.

### III.1.2. Order Books

The demand position of the manufacturing companies, as directly measured by order books, has shown a similar trend. The net responses which showed an improved optimism level in the assessment quarter has reversed from its increasing trend in the ensuing quarter. The net response has gone up to 31.9 from 25.9 per cent for the assessment quarter. On the other hand for the ensuing quarter the same has dropped marginally to 33.4 from 35.8

Chart 1: Production

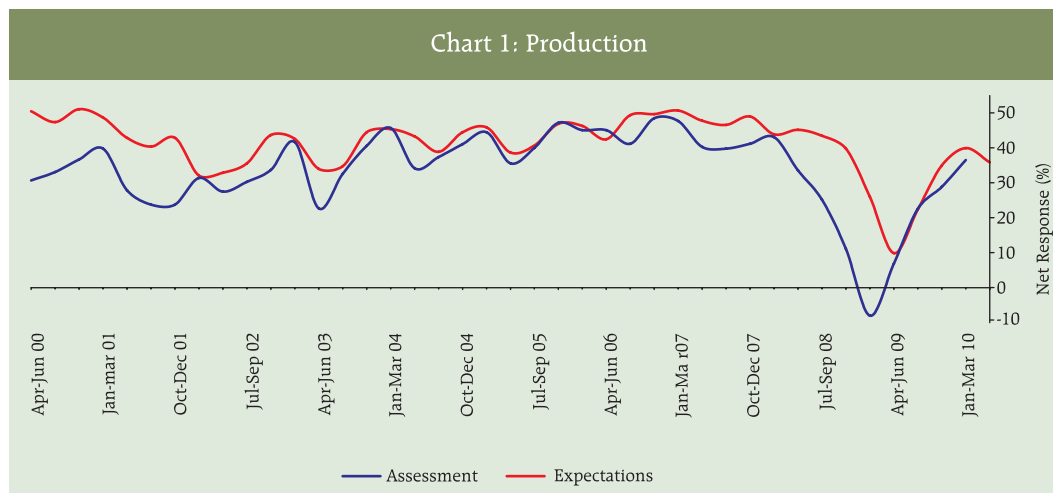


Table 2: Assessment &amp; Expectations for Order books

(Percentage responses)

Survey Quarter	Total response	Assessment for Current Quarter				Expectation for Next Quarter			
		Increase	Decrease	No change	Net response	Increase	Decrease	No change	Net response
1	2	3	4	5	6	7	8	9	10
Jul-Sep 08	1032	40.8	16.4	42.8	24.4	47.5	9.0	43.5	38.5
Oct-Dec 08	1178	32.6	25.1	42.2	7.5	44.8	9.1	46.1	35.7
Jan-Mar 09	1225	22.9	39.7	37.4	-16.8	37.3	16.7	46.1	20.6
Apr-Jun 09	1242	28.4	29.3	42.3	-0.9	31.0	24.6	44.4	6.4
Jul-Sep 09	1180	38.2	17.7	44.1	20.5	35.5	18.7	45.8	16.8
Oct-Dec 09	1256	39.5	13.6	46.8	25.9	43.5	11.2	45.3	32.3
Jan-Mar 10	1079	43.5	11.6	44.9	31.9	44.8	9.1	46.1	35.8
Apr-Jun 10						42.3	8.9	48.8	33.4

with respect to the previous survey round. (Table:2 and Chart: 2)

### III.1.3. Pending orders

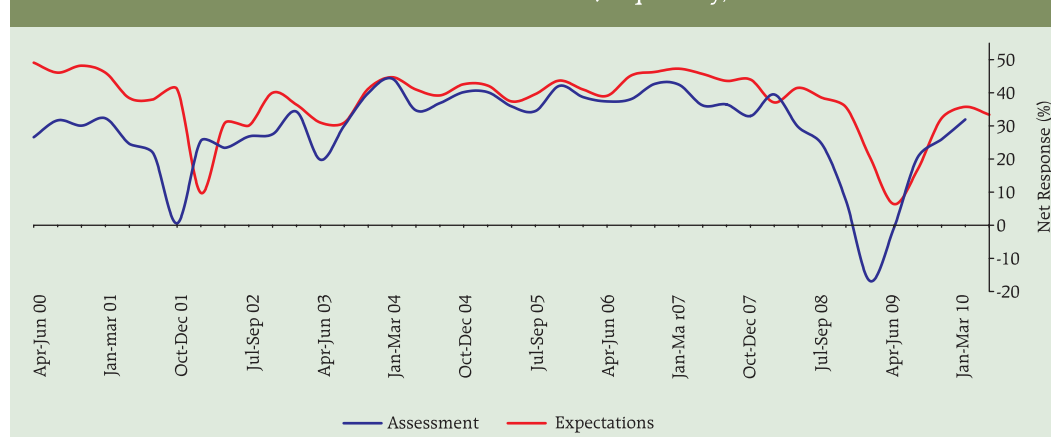
The question was asked to the manufacturing companies to seek information whether pending orders for current and next quarter will be above normal, normal or below normal. It is seen that the sentiment level for maintaining pending order 'below normal' for assessment has decreased over preceding quarters. The net responses for assessment

have also decreased while expectation for April-June 2010 exhibits a minor increase (Table: 3 and Chart: 3).

### III.1.4. Capacity Utilisation

Another important economic variable indicative of demand in the economy is the utilisation of capacity, the extent to which an enterprise actually uses its installed capacity. The survey has three questions on capacity utilisation. It collects views of manufacturing companies about Capacity Utilisation of main product (increase/

Chart 2: Order Books (in quantity)



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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	10
Jul-Sep 08	1032	16.7	7.4	76.0	9.3	10.6	8.4	80.9	2.2
Oct-Dec 08	1178	19.2	5.6	75.2	13.6	11.3	6.7	82.0	4.6
Jan-Mar 09	1225	36.3	4.3	59.4	32.0	16.9	5.4	77.8	11.5
Apr-Jun 09	1242	29.1	4.5	66.5	24.6	28.0	4.8	59.4	23.2
Jul-Sep 09	1180	21.1	3.7	75.2	17.4	22.9	3.8	73.4	19.1
Oct-Dec 09	1256	17.1	5.6	77.3	11.6	15.2	4.2	80.6	11.0
Jan-Mar 10	1079	15.5	6.7	77.8	8.8	12.2	6.5	81.3	5.7
Apr-Jun 10						12.9	6.4	80.7	6.5

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

More companies reported an increase in capacity utilisation compared to previous quarter, indicating further improvement in Capacity Utilisation, and this level of

capacity utilisation is above normal as seen in the context of capacity level attained in the last four quarters. The expectation for the next quarter also exhibited the similar sentiment but at a lower degree. Assessment of Production capacity with regard to expected demand in next six months shows that there will be adequate capacity as proportion of companies that expressed about adequate production capacity in meeting the demand for the next 6 months has moved up. (Table: 4 and Chart: 4)

Chart 3: Pending order

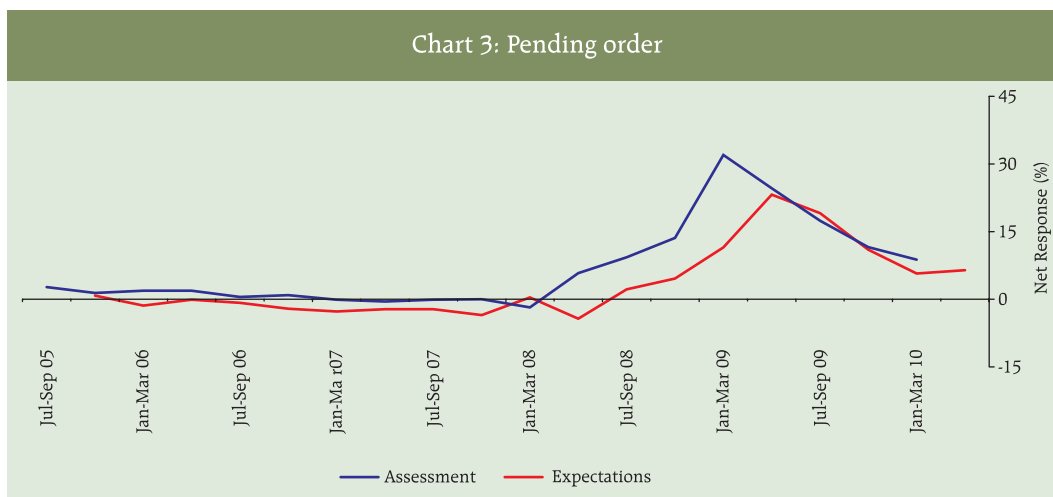


Table 4: Per cent responses under Expectations for Capacity Utilisation

(Percentage responses)					
Parameter	Options	Assessment for quarter		Expectations for quarter	
		Oct-Dec 2009	Jan-Mar 2010	Jan-Mar 2010	Apr-June 2010
1	2	3	4	5	6
Capacity Utilisation (main product)	Increase	31.3	33.1	34.3	29.7
	No Change	53.9	55.4	56.9	60.3
	Decrease	14.8	11.5	8.9	10.0
	Net Response	16.5	21.7	25.4	19.7
Level of Capacity Utilisation (compared to the average in last 4 quarters)	Above normal	12.3	16.7	12.6	12.5
	Normal	71.5	69.5	76.1	76.6
	Below Normal	16.2	13.7	11.3	10.9
	Net Response	-3.9	3.0	1.3	1.6
Assessment of Production Capacity (with regard to expected demand in next 6 months)	More than adequate	12.9	13.4	11.9	13.4
	Adequate	79.6	79.7	81.2	80.4
	Less than adequate	7.5	7.0	6.9	6.3
	Net Response	5.3	6.4	5.0	7.1

### III.1.5. Inventory of Raw materials & finished goods (in quantity terms)

Majority of the respondents (81-85 per cent) reported average level of **Inventory of raw materials** and **Inventory of finished goods** for the current quarter as well as ensuing quarter. The responses on level of

Inventory (raw material and finished goods) in the current quarter and ensuing quarter (Table: 5) reveals that there is no significant change in inventory holding (both raw material and finished goods) as compared to the last survey round (October- December 2009).

Chart 4: Capacity Utilisation (Main Product)

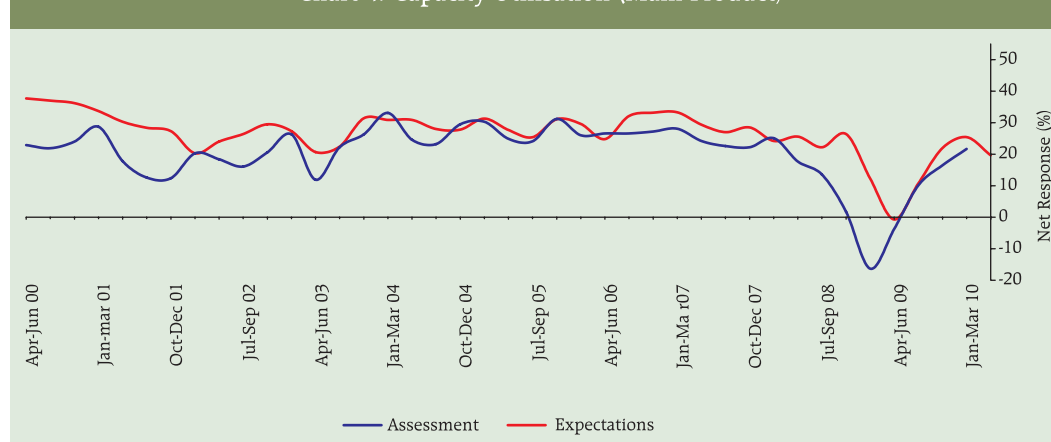


Table 5: Assessment &amp; Expectations for level of Inventory (raw material and finished goods)

(Percentage responses)					
Parameter	Options	Assessment for quarter		Expectations for quarter	
		Oct-Dec 2009	Jan-Mar 2010	Jan-Mar 2010	Apr-Jun 2010
1	2	3	4	5	6
Inventory of raw material	Below average	6.7	6.8	5.9	7.0
	Average	82.4	80.6	84.7	83.4
	Above average	10.9	12.6	9.4	9.6
	Net Response	-4.2	-5.8	-3.6	-2.6
Inventory of Finished goods	Below average	7.4	6.7	6.3	5.3
	Average	81.0	82.3	85.4	86.8
	Above average	11.6	11.0	8.2	7.9
	Net Response	-4.3	-4.3	-1.9	-2.6

Below average is optimistic

### III.1.6. Exports and Imports

The external demand of manufacturing companies is gauged by the survey through their assessment and expectation of Exports and Imports. The companies report their perceptions in the form; increase, no change and decrease in Exports and Imports.

The survey results show that the **assessment** about **Export** growth shows recovery in the current quarter. The net response for the current quarter has

improved further as compared to previous quarter turning 9.2 per cent to 12.7 percent. However external demand is not expected to grow at a fast pace in the ensuing quarter as the net response has dropped to 18.5 percent from 20.2 in the last quarter (Table: 6). This is in consonance with the similar trend echoed in order books and production as well.

The manufacturing sector is seen to be more optimistic in terms of demand for

Table 6: Assessment &amp; Expectations for Exports

(Percentage responses)									
Survey Quarter	Total response	Assessment for Current Quarter				Expectation for Next Quarter			
		Increase	Decrease	No change	Net response	Increase	Decrease	No change	Net response
1	2	3	4	5	6	7	8	9	10
Jul-Sep 08	1032	36.0	13.6	50.4	22.4	36.4	8.7	54.9	27.7
Oct-Dec 08	1178	27.6	20.0	52.4	7.6	36.5	9.2	54.3	27.3
Jan-Mar 09	1225	17.8	34.8	47.4	-17.0	30.6	14.6	54.8	16.0
Apr-Jun 09	1242	17.4	30.9	51.7	-13.5	19.5	23.3	57.3	-3.8
Jul-Sep 09	1180	20.9	23.8	55.3	-2.9	20.6	20.5	59.0	0.1
Oct-Dec 09	1256	27.3	18.1	54.6	9.2	27.0	14.5	58.5	12.5
Jan-Mar 10	1079	28.9	16.2	54.9	12.7	31.2	11.0	57.8	20.2
Apr-Jun 10						30.0	11.5	58.5	18.5



Table 7: Assessment &amp; Expectations for Imports

(Percentage responses)									
Survey Quarter	Total response	Assessment for Current Quarter				Expectation for Next Quarter			
		Increase	Decrease	No change	Net response	Increase	Decrease	No change	Net response
1	2	3	4	5	6	7	8	9	10
Jul-Sep 08	1032	28.5	7.8	63.8	20.7	27.4	6.1	66.5	21.3
Oct-Dec 08	1178	20.2	13.5	66.3	6.7	26.7	5.3	67.9	21.4
Jan-Mar 09	1225	13.7	22.1	64.2	-8.4	19.7	10.6	69.7	9.1
Apr-Jun 09	1242	17.1	18.4	64.5	-1.3	14.9	16.3	68.8	-1.4
Jul-Sep 09	1180	21.8	14.0	64.2	7.8	17.0	12.4	70.6	4.6
Oct-Dec 09	1256	23.3	10.3	66.5	13.0	21.3	9.8	68.9	11.5
Jan-Mar 10	1079	25.5	8.4	66.1	17.1	23.4	6.5	70.1	16.9
Apr-Jun 10						22.9	5.9	71.2	17.1

import. The net response on **assessment** and **expectation** for **Import** is in the growth terrain. The sentiments have increased further from the preceding rounds for both the quarters under review (17.1 per cent for both the assessment and expectation quarters, Table: 7). The movements in the sentiments for exports and imports is presented in Chart: 5.

### III.2. Financial Situation

The survey assesses sentiments about financial condition through five 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 and Profit Margin.

#### III.2.1. Overall Financial Situation

Indubitably corporates gauge a positive **assessment** about the **Overall Financial Situation** for the current quarter (January-March 2010), as more respondents **assessed** 'betterment' of overall financial situation during the current quarter. The net response

Chart 5: Exports and Imports

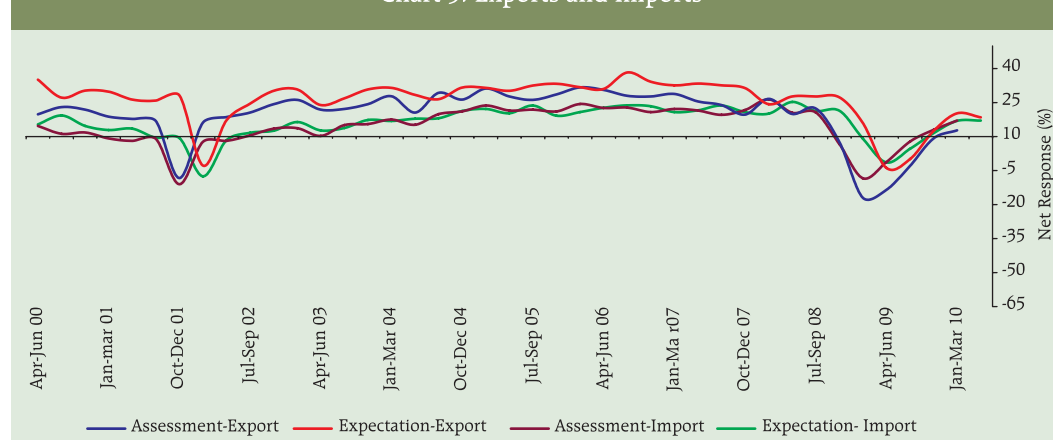


Table 8: Assessment &amp; Expectations for Overall Financial Situation

(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	9	10
Jul-Sep 08	1032	31.0	15.7	53.3	15.3	39.9	7.2	53.0	32.7
Oct-Dec 08	1178	22.0	24.9	53.1	-2.9	37.6	9.9	52.5	27.7
Jan-Mar 09	1225	20.3	29.9	49.9	-9.6	31.6	15.2	53.2	16.4
Apr-Jun 09	1242	26.4	19.4	54.2	7.0	27.8	19.4	52.7	8.4
Jul-Sep 09	1180	34.3	12.5	53.2	21.8	32.8	12.8	54.4	20.0
Oct-Dec 09	1256	38.8	9.3	51.8	29.5	40.5	7.0	52.5	33.5
Jan-Mar 10	1079	42.3	6.5	51.3	35.8	44.3	5.0	50.6	39.3
Apr-Jun 10						41.6	5.3	53.1	36.3

showed significant improvement (35.8 per cent from 29.5 per cent) as compared to preceding quarter (Table: 8). The **expectations** for the ensuing quarter (April-June 2010) registered a minor fall in the level of optimism (net response of 36.3 per cent as compared to 39.3 per cent). Chart: 6 reveal the trend that exhibits in the optimism on Overall Financial Situation.

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

The **assessment** and **expectations** on the **Working capital finance requirement**

(excluding internal source of funds) for the assessment quarter January-March 2010, registered marginal improvement. The net response increased from 28.8 per cent to 30.5 percent. The expectation on the same shows a marginal drop as the net response registered a significant fall from 32.7 per cent to 27.7 per cent (Table: 9).

It is observed that though 62 per cent of respondents do not see any change in Availability of Finance (from both internal as well as external sources) during the quarters under study, the percent of

Chart 6: Overall Financial Situation

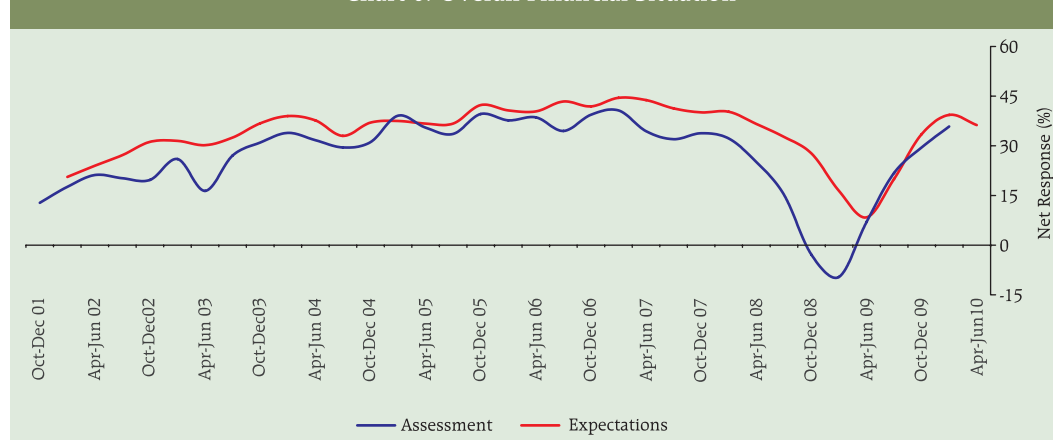


Table 9: Assessment &amp; Expectations for Working capital finance requirement

(Percentage responses)

Survey Quarter	Total response	Assessment for Current Quarter				Expectation for Next Quarter			
		Increase	Decrease	No change	Net response	Increase	Decrease	No change	Net response
1	2	3	4	5	6	7	8	9	10
Jul-Sep 08	1032	41.4	6.5	52.0	34.9	38.1	4.5	57.3	33.6
Oct-Dec 08	1178	41.1	6.8	52.1	34.3	38.1	4.3	57.7	33.8
Jan-Mar 09	1225	36.0	11.9	52.1	24.1	37.9	5.0	57.1	32.9
Apr-Jun 09	1242	57.0	24.6	9.2	24.6	31.1	7.9	61.0	23.2
Jul-Sep 09	1180	31.2	7.4	61.4	23.8	32.3	6.0	61.7	26.3
Oct-Dec 09	1256	35.2	6.4	58.4	28.8	34.7	4.3	61.0	30.4
Jan-Mar 10	1079	35.8	5.3	58.9	30.5	36.8	4.0	59.2	32.7
Apr-Jun 10						31.9	4.3	63.8	27.7

respondents who viewed improvement in Availability of Finance as well as the net optimism has been enhanced (Table: 10). The quarterly movements of Working Capital Finance Requirements (WCFR) and Availability of Finance (both internal and external sources), presented in the chart below, shows that for ensuing quarter, the manufacturers' expect their WCFR and availability of finance to slow down compared to previous quarter. Chart: 7 show the trends in Working Capital Finance Requirements (WCFR) and Availability of Finance.

### III.2.3 Cost of External Finance

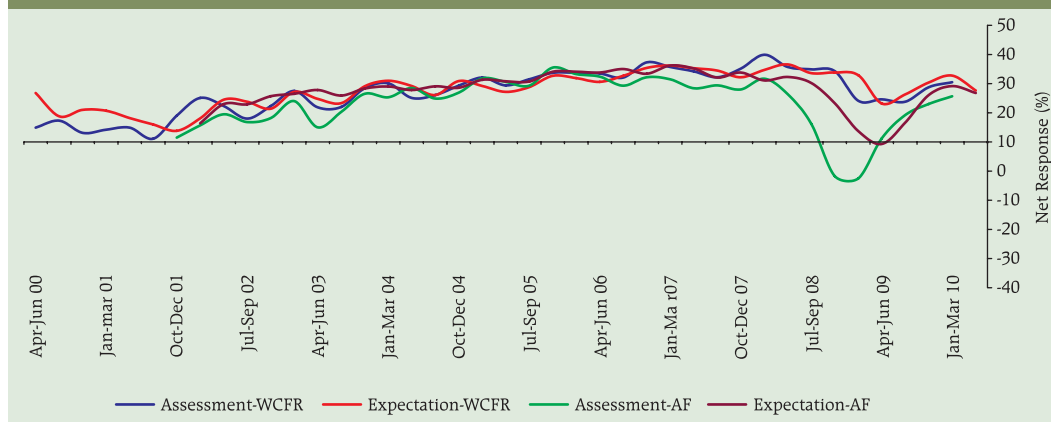
The cost of external finance was included in the survey schedule from Round 48 (October- December 2009) onwards. The respondents are asked to express their opinion on a three point scale viz; Increase/ Decrease/ No change about their perceptions of cost of funds. Although two-third of the respondents opined 'no change' in cost of external finance for both the quarters under review, more respondents expected the cost of external finance to increase.

Table 10: Assessment &amp; Expectations for Availability of Finance

(Percentage responses)

Survey Quarter	Total response	Assessment for Current Quarter				Expectation for Next Quarter			
		Improve	Worsen	No change	Net response	Improve	Worsen	No change	Net response
1	2	3	4	5	6	7	8	9	10
Jul-Sep 08	1032	27.7	11.5	60.8	16.2	36.1	5.9	57.9	30.2
Oct-Dec 08	1178	21.4	23.1	55.5	-1.7	32.1	8.8	59.0	23.3
Jan-Mar 09	1225	19.2	21.7	59.1	-2.5	28.7	15.0	56.3	13.7
Apr-Jun 09	1242	24.8	13.6	61.6	11.2	23.8	14.5	61.7	9.3
Jul-Sep 09	1180	28.0	8.8	63.2	19.2	27.0	10.4	62.6	16.6
Oct-Dec 09	1256	30.3	7.2	62.5	23.0	31.7	5.6	62.7	26.1
Jan-Mar 10	1079	32.1	6.4	61.5	25.7	33.7	4.5	61.8	29.2
Apr-Jun 10						31.2	4.4	64.4	26.8

Chart 7: Working Capital Finance Requirement and Availability of Finance



### III.2.4. Profit margin

Survey asks manufacturing companies whether in their opinion profit margin (gross profits as percentage at net sales) is expected to increase, decrease or remain same. The sentiments on **Profit margin** for the current quarter of the survey though improved sharply, they are still in the negative terrain (Table: 11). However, the extent of pessimism has declined compared to preceding quarter (Chart: 8). The sentiments on expectation for the ensuing

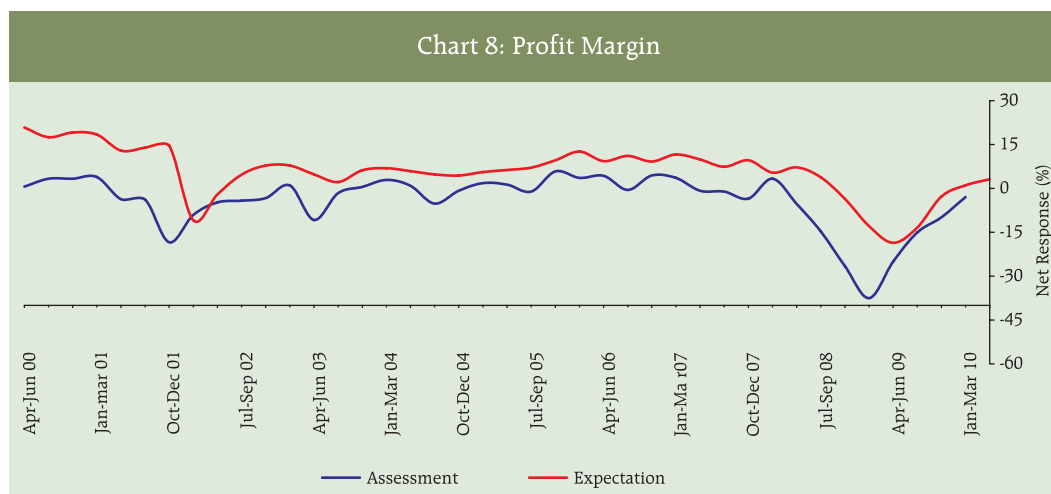
quarter has improved further (1.1per cent to 3.2 per cent).

### III.3. Price and Employment Expectation

Prices related three questions were canvassed in the survey. The questions sought increase, decrease or no change in the Cost of Raw Material and those of Selling Prices (ex-factory unit prices); and if there was an increase expected on Selling Prices, enquiries are made about the rate of increase in the Selling Prices (at higher/lower/similar rate).

Table 11: Assessment &amp; Expectations for Profit margin

(Percentage responses)									
Survey Quarter	Total response	Assessment for Current Quarter				Expectation for Next Quarter			
		Increase	Decrease	No change	Net response	Increase	Decrease	No change	Net response
1	2	3	4	5	6	7	8	9	10
Jul-Sep 08	1032	18.1	32.8	49.0	-14.7	22.0	18.2	59.8	3.8
Oct-Dec 08	1178	14.4	41.0	44.6	-26.6	20.8	24.4	54.7	-3.6
Jan-Mar 09	1225	11.3	48.8	39.8	-37.5	16.9	29.8	53.3	-12.9
Apr-Jun 09	1242	13.4	38.5	48.1	-25.1	15.4	34.0	50.6	-18.6
Jul-Sep 09	1180	16.9	32.0	51.1	-15.1	16.0	29.4	54.5	-13.4
Oct-Dec 09	1256	18.1	28.0	54.0	-9.9	20.2	23.0	56.8	-2.8
Jan-Mar 10	1079	21.7	24.6	53.9	-2.9	21.1	20.1	58.8	1.1
Apr-Jun 10						22.1	18.9	59.0	3.2



### III.3.1. Cost of raw material

The net response on cost of raw material of the reporting companies declined further in both the quarters under review, as compared to the previous round indicating that the manufactures are more concerned on cost of raw material. This is due to the reason that more respondents opine 'increase' in raw material prices as compared to preceding quarter (Table: 12). Thus the manufacturing corporates fear that their input price is likely to increase further.

### III.3.2. Selling price

Survey seeks responses from manufacturing corporate about ex-factory Selling Prices. In case of multi-product companies, they are requested to take into account the average of the price changes. Optimism level for **Selling prices** ('increase in selling price') for the current quarter registered a boost and the net response too has increased sharply from 2.6 percent to 12.4 per cent (Table: 13). However, corporates expected the optimism level to

Table 12: Assessment & Expectations for Cost of raw material

(Percentage responses)

Survey Quarter	Total response	Assessment for Current Quarter				Expectation for Next Quarter			
		Decrease	Increase	No change	Net response	Decrease	Increase	No change	Net response
1	2	3	4	5	6	7	8	9	10
Jul-Sep 08	1032	1.4	80.8	17.8	-79.4	3.1	57.8	39.1	-54.7
Oct-Dec 08	1178	14.1	60.1	25.8	-46.0	3.3	64.4	32.3	-61.1
Jan-Mar 09	1225	29.1	37.2	33.7	-8.1	12.3	48.0	39.7	-35.7
Apr-Jun 09	1242	14.3	40.6	45.1	-26.3	14.3	30.5	33.7	-16.2
Jul-Sep 09	1180	8.1	49.8	42.1	-41.7	8.7	35.8	55.5	-27.1
Oct-Dec 09	1256	6.3	53.4	40.3	-47.1	5.0	43.4	51.6	-38.4
Jan-Mar 10	1079	2.2	62.3	35.5	-60.2	3.6	47.9	48.5	-44.3
Apr-Jun 10						2.2	50.8	47.0	-48.6

Table 13: Assessment &amp; Expectations for Selling Price

(Percentage responses)									
Survey Quarter	Total response	Assessment for Current Quarter				Expectation for Next Quarter			
		Increase	Decrease	No change	Net response	Increase	Decrease	No change	Net response
1	2	3	4	5	6	7	8	9	10
Jul-Sep 08	1032	41.7	8.2	50.1	33.5	29.7	8.7	61.5	21.0
Oct-Dec 08	1178	23.2	23.7	53.1	-0.5	34.3	8.1	57.6	26.2
Jan-Mar 09	1225	12.5	38.0	49.5	-25.5	21.2	17.1	61.7	4.1
Apr-Jun 09	1242	17.0	24.4	58.0	-7.4	14.5	23.6	61.9	-9.1
Jul-Sep 09	1180	19.4	19.2	61.4	0.2	17.2	17.2	65.6	0.0
Oct-Dec 09	1256	18.6	15.9	65.5	2.6	19.2	13.2	67.6	6.0
Jan-Mar 10	1079	24.6	12.2	63.2	12.4	20.7	10.9	68.4	9.8
Apr-Jun 10						22.4	9.1	68.5	13.3

increase in the ensuing quarter which is mainly due to increase in proportion of 'increase in selling price' and also a decline in the percentage of respondents who opined a decrease in selling price as compared to previous round is seen. While 12.2 percent corporates opined about a 'decline' in the selling prices in the current quarter, only 9.1 expected this decline to continue in April-June 2010 as well.

Among the respondents that viewed an 'increase' in selling prices, 31.1 per cent of respondents viewed the increase to be 'at

lower rate' for the assessment quarter. The movement of input and output prices is presented in Chart: 9.

### III.3.3. Employment

Industrial Outlook Survey seeks from the companies their perceptions on change in employment at their company. Employment includes all cadres comprising full-time, part-time and casual labour. The employment outlook of Indian manufacturing has continued its recovery in the current quarter (January-March 2010). The companies will be hiring almost at the same level in the current

Chart 9: Cost of Raw Material and Selling Price

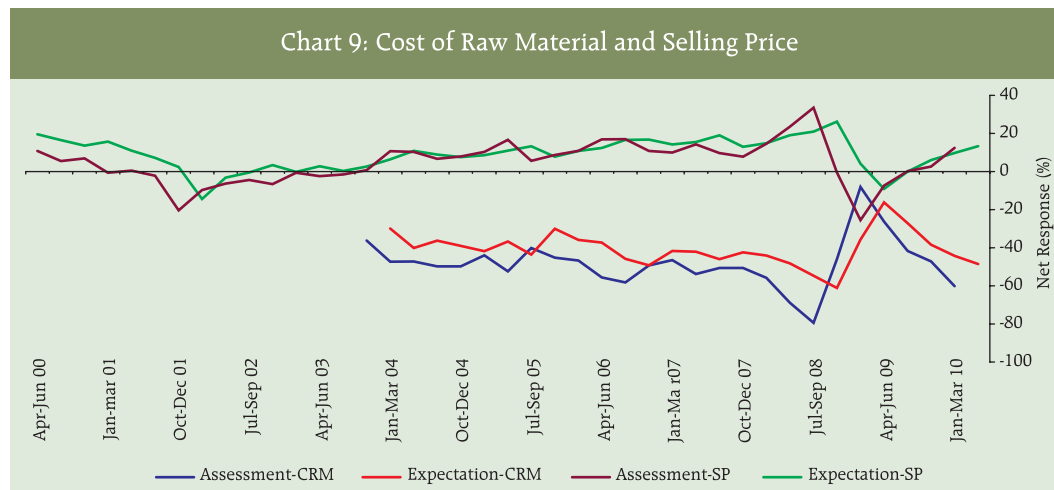


Table 14: Assessment &amp; Expectations for Employment outlook

(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	9	10
Jul-Sep 08	1032	23.5	9.4	67.1	14.1	22.2	6.4	71.5	15.8
Oct-Dec 08	1178	18.7	9.3	72.0	9.4	23.1	6.5	70.4	16.6
Jan-Mar 09	1225	11.2	19.5	69.3	-8.3	16.0	8.3	75.7	7.7
Apr-Jun 09	1242	11.9	15.2	72.9	-3.3	10.5	15.6	74.0	-5.1
Jul-Sep 09	1180	14.2	10.1	75.7	4.1	11.5	10.0	78.6	1.5
Oct-Dec 09	1256	18.2	7.9	73.9	10.3	15.8	7.0	77.2	8.8
Jan-Mar 10	1079	21.0	7.3	71.7	13.7	18.2	6.1	75.6	12.1
Apr-Jun 10						19.5	5.9	74.7	13.6

quarter compared to the last quarter (net response from 10.3 per cent to 13.7 per cent, Table: 14). A similar improvement is also observed in the employment expectation for the April-June 2010 (Chart: 10).

### III.4. Overall business conditions

#### III.4.1: Overall Business Situation

The Overall Business Situation is a parameter that provides the overall confidence of manufacturing companies. The companies are enquired if their overall business situation would become better/

worsen /remain same. The net response for **assessment** about the **Overall business situation** during the current quarter January-March 2010 shows marked improvement from 36.0 per cent to the level of 43.1 per cent in the previous quarter. The net response for expectation has also shown a prevailing trend but at a lower rate (from 44.9 per cent to 41.2 per cent). The net response on the assessment and expectation presented in Table: 15, shows the trend in business sentiments from the previous quarters. The movement of the overall business situation is presented in chart 11.

Chart 10: Employment

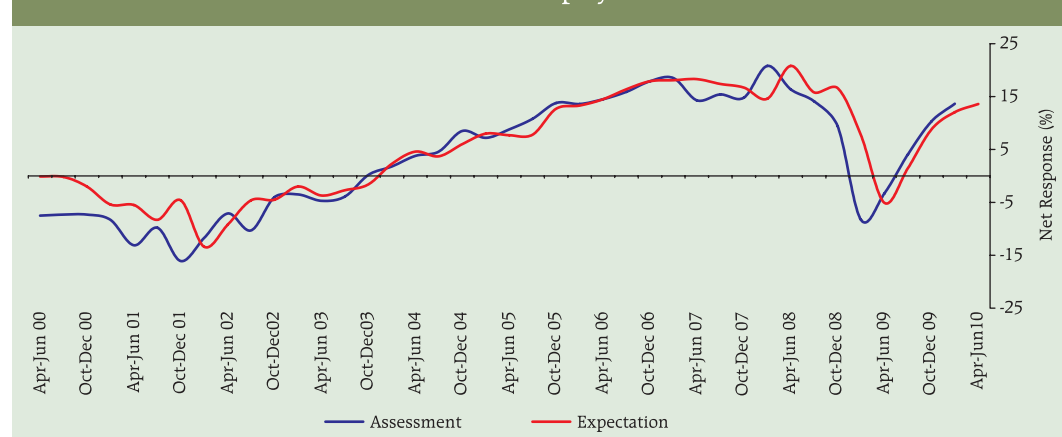


Table 15: Assessment &amp; Expectations of Overall Business Situation

(Percentage responses)									
Survey Quarter	Total response	Assessment for Current Quarter				Expectation for Next Quarter			
		Better	Worsen	No change	Net response	Better	Worsen	No change	Net response
1	2	3	4	5	6	7	8	9	10
Jul-Sep 08	1032	39.3	16.7	44.0	22.6	49.6	7.8	42.6	41.8
Oct-Dec 08	1178	30.2	26.2	43.6	4.0	44.8	11.1	44.1	33.7
Jan-Mar 09	1225	24.1	35.2	40.7	-11.1	38.6	17.5	43.9	21.1
Apr-Jun 09	1242	30.7	21.4	47.9	9.3	31.8	20.6	47.6	11.2
Jul-Sep 09	1180	39.3	13.0	47.7	26.3	38.8	14.6	46.7	24.2
Oct-Dec 09	1256	46.0	10.1	43.9	36.0	47.2	7.4	45.4	39.8
Jan-Mar 10	1079	50.5	7.4	42.1	43.1	50.4	5.5	44.2	44.9
Apr-Jun 10						47.3	6.1	46.6	41.2

### III.4.2: Business Expectation Index

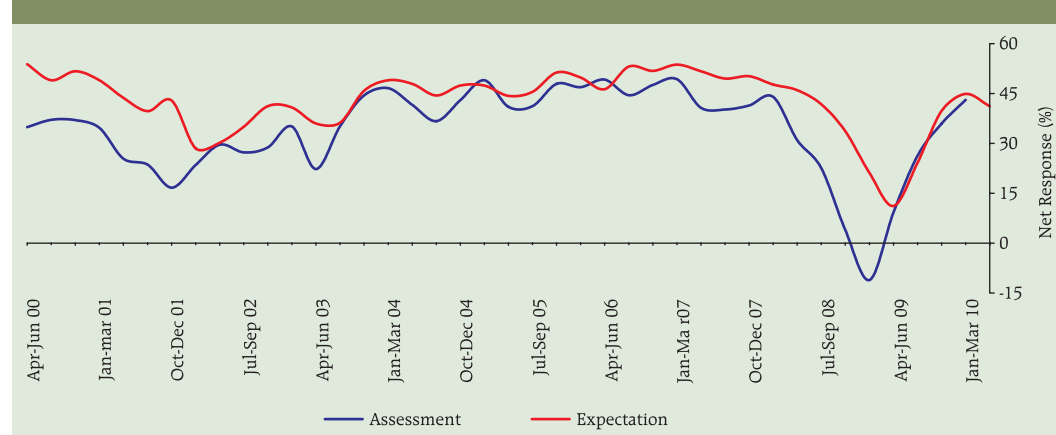
Business Expectation Index gives a single snapshot of the industrial outlook in each study quarter. This index is computed based on weighted average of responses from different industries on selected 9 out of the 20 performance parameters. These parameters are Overall Business Situation, Production, Order Books, Inventory of Raw Materials, Inventory of Finished Goods, Profit Margin, Employment, Exports, and Capacity Utilization.

The present round of the survey shows further improvement in the BEI by 5.1 per cent over the preceding round (October- December 2009). The BEI for January-March 2010 was at 118.5 increased from 112.8 and for ensuing quarter it has dropped to 119.8 as compared to 120.6 seen in the previous quarter (Chart: 12).

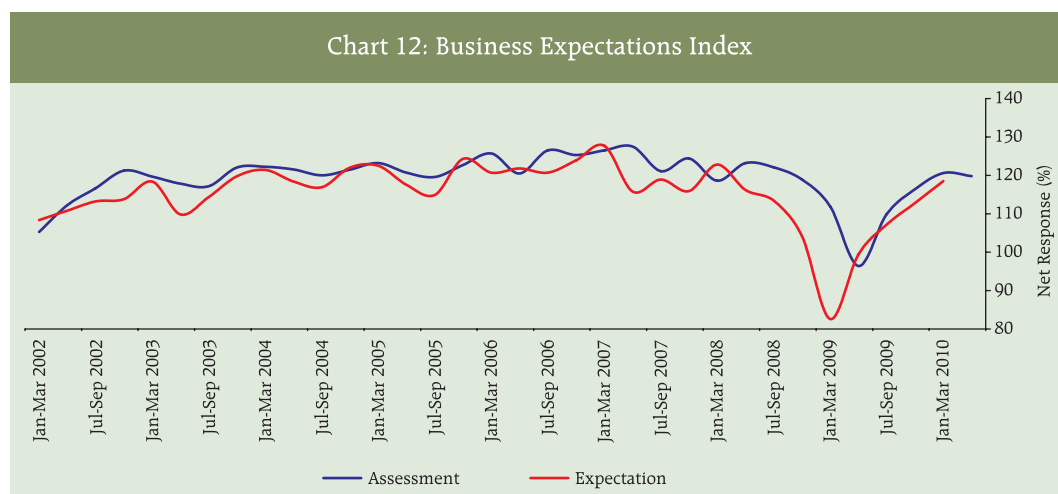
### III.5: Industry-wise analysis<sup>2</sup>

Diversified (11), Pharmaceuticals & Medicines (71), Basic Chemicals (85), Basic Metals and Metal Products (133), Rubber & Plastic products (69), Other Machinery and

Chart 11: Overall Business Situation







Apparatus (139) and Electrical machinery (70) are generally more optimistic about their overall business situation for April-June 2010. They expect demand conditions to improve, and thus higher levels of production and capacity utilization. Their overall financial condition is also expected to be comfortable as compared to other industries. Wood and wood products industry is expecting an increase in their input prices. At the bottom of the list, the industries having weak, though positive, overall business sentiments are Cement (25), Food Products (85) and Wood and wood products (11). Of these Cement industry has the lowest outlook with low expectations on overall financial situations, overall business situation and profit margin (Table: 16).

### III.6: Size-wise analysis Annual production and Paid-up Capital (PUC)

Bigger companies (annual production above Rs. 1000 crore) are more positive about overall business & financial situation and working capital finance requirement. The

<sup>2</sup> (Figures in bracket represent number of companies)

smaller companies (annual production less than Rs. 100 crore) are less optimistic about demand conditions as observed from their net responses on production, order books and capacity utilization which are at lower level than that of the larger ones. They also expect a contraction in their exports. Bigger companies are more positive about domestic and external demand. The smaller companies feel more pressure on the input price and availability of finance is also lower than their bigger counterparts. Bigger companies are expected to be net hirer; the smaller firms will continue to shed jobs. Though all firms expect a net decline in their profit margins, the small and medium firms are the worst hit. A similar trend is inferred based on the PUC size wise analysis also (Table: 17).

### III.7. Constraints for attaining the normal production level

The net responses for attaining the normal production level during the quarter **October- December 2009** has remained at 50.2 per cent which is slightly lower compared to last survey round (52 per cent).

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Table 16: Industry-wise analysis

Net Response (%) for April-June 2010						
	Industry	Production	Overall Financial Situation	Profit margin	Employment	Overall Business Situation
1	2	3	4	5	6	7
1	Diversified companies	80.0	45.5	36.4	9.1	63.6
2	Pharmaceutical & Medicines	56.3	50.7	8.6	25.7	59.2
3	Basic Chemicals	45.8	43.5	13.1	8.4	50.0
4	Basic Metals & Metal products	43.8	40.2	13.4	16.2	48.5
5	Rubber & Plastic products	43.9	41.8	6.0	24.6	47.0
6	Other Machinery & Apparatus	38.9	46.0	10.7	16.9	46.0
7	Electrical machinery	32.9	22.9	-8.6	17.9	43.5
8	Fertilisers	35.0	20.0	0.0	15.8	40.0
9	Transport Equipment	36.4	42.7	-3.8	16.0	37.8
10	Textiles	36.5	27.6	0.7	13.4	37.2
11	Paper & Paper products	37.0	21.4	3.6	0.0	35.7
12	Other industries	29.9	29.3	-4.2	6.3	28.6
13	Wood & wood products	18.2	36.4	-18.2	0.0	27.3
14	Food products	-3.8	29.8	0.0	-2.4	27.1
15	Cement	16.0	24.0	-40.0	20.0	8.0
	<b>All Industries</b>	<b>35.9</b>	<b>36.3</b>	<b>3.2</b>	<b>13.6</b>	<b>41.2</b>

The constraints reported are due to 'Lack of domestic demand', 'Lack of export demand', 'Shortage of Raw Materials', 'Shortage of Power', 'Uncertainty of economic environment', and Shortage of Working Capital Finance. The major

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

	Production-wise						PUC-wise					
	Small firms- (Production less than Rs. 100 Crore)		Medium firms- (Production more than Rs. 100 Crore & less than 1000Cr)		Large firms- (Production Rs. 1000 Crore or more)		Small Firms- (PUC < Rs. 1 Cr)		Medium firms- (PUC > 1Cr & < 100Cr)		Large firms- (PUC ≥ Rs. 100 Cr)	
1	2	3	4	5	6	7	8	9	10	11	12	13
Characteristic	Rd 48	Rd 49	Rd 48	Rd 49	Rd 48	Rd 49	Rd 48	Rd 49	Rd 48	Rd 49	Rd 48	Rd 49
Production	32.6	32.2	45.7	38.2	47.1	42.4	26.0	29.4	41.4	36.7	43.3	36.4
Order book	29.7	28.4	40.7	37.2	42.9	40.4	19.6	27.5	38.1	34.2	28.1	32.7
Exports	15.6	13.9	23.0	20.4	27.4	30.3	3.9	8.5	22.6	19.1	11.1	28.3
Raw material inventory	-1.8	-2.3	-4.9	-2.1	-5.6	-5.9	-10.7	-8.9	-2.6	-1.9	-5.9	-1.8
Finished goods inventory	0.9	-1.9	-3.2	-2.6	-8.9	-6.1	-0.8	-0.9	-1.7	-2.9	-6.3	-1.9
Capacity utilisation	17.5	15.6	31.3	23.5	35.2	21.2	9.8	11.8	27.2	21.1	26.1	12.3
Input price	-43.9	-56.1	-47.2	-44.2	-33.3	-32.3	-53.8	-56.3	-43.6	-48.2	-37.7	-39.3
Output price	5.6	12.3	12.8	14.2	14.5	14.0	8.1	12.6	10.0	13.7	8.7	8.9
Employment	8.1	9.9	14.9	15.8	17.1	21.2	-0.8	7.1	14.3	14.4	1.4	14.0
Overall financial situation	31.5	30.0	45.1	42.1	49.2	40.6	28.8	32.2	40.9	36.9	40.3	33.9
Working capital finance requirement	27.5	23.7	36.2	30.0	41.9	35.0	22.8	21.9	33.6	27.8	35.5	37.5

Table 18: Quarterly changes of different business indices

Parameter	Dun & Bradstreet	NCAER	FICCI	PMI	RBI
1	2	3	4	5	6
Coverage	Service and Manufacturing companies in both Public and Private Sector			Manufacturing companies	Manufacturing companies in Private & Public Sector
Index	Business Optimism Index	Business Confidence Index	Overall Business Confidence Index	Purchasing Managers' Index	Business Expectations Index
Period	Oct-Dec 2009	Dec-09	Q3 2009-10	Mar-10	April-June 2010
Index based on current survey	143.2	153.8	70.0	58.5	119.8
Index based on previous survey	132.1	143.7	72.4	55.6	120.6
Index based on one year back survey	138.9	91.4	44.0	47.7	96.4
% change q-o-q	8.4	7.0	-3.3	5.2 *	-0.7
% change y-o-y	3.1	68.3	59.1	22.6	24.3

\* Change over previous month.

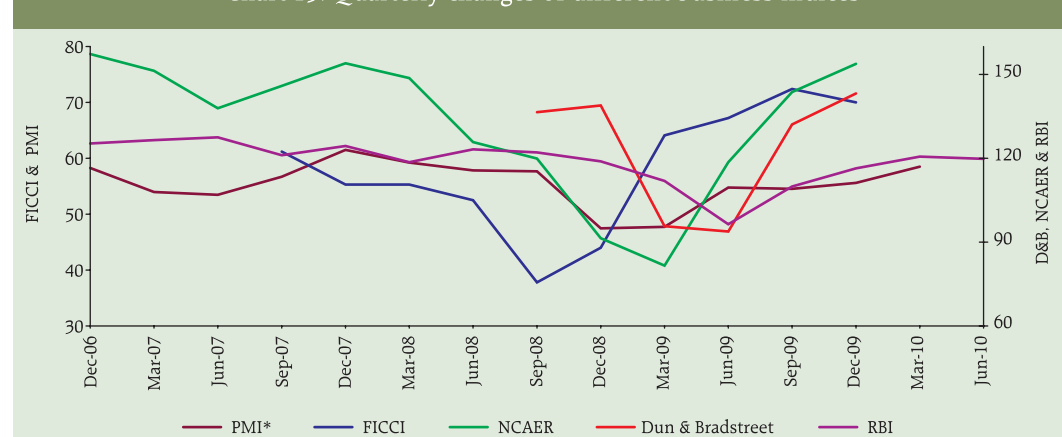
industry groups for which higher proportion of companies reported production constraints are 'Other Industries' (61 per cent), 'Fertilizers' (60 per cent), 'Food Products' (59 per cent), 'Paper and paper products' (57 per cent), 'Wood and wood products' (55 per cent). On the other end of the spectrum, only 26.8 per cent of 'Pharmaceutical & Medicines' and 27.3 per cent of 'Diversified' companies reported production constraints.

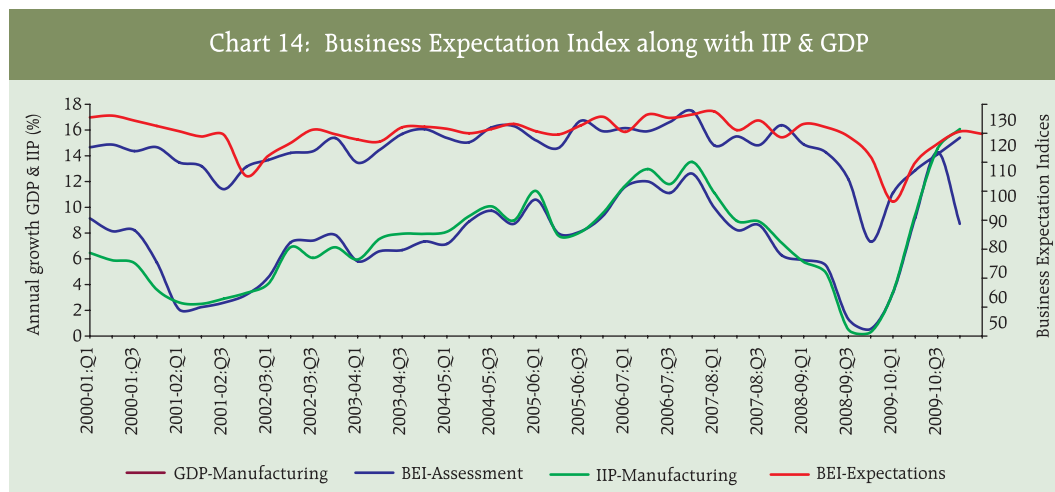
Smaller companies, in terms of their annual production, paid-up capital felt more production constraints than the bigger ones.

### III.8. Business Confidence Surveys of other Agencies

Comparison of other business indices with the Business Expectation Index is briefly outlined below in Table: 18 and Chart: 13.

Chart 13: Quarterly changes of different business indices

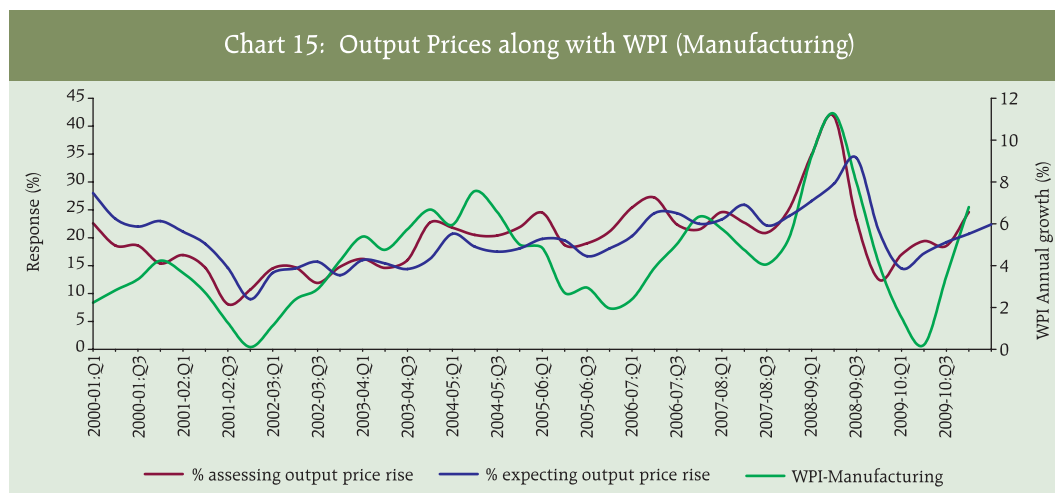




### III.9. Survey Results and Official Statistics

The Business Expectations Indices (BEI) based on the information gathered on critical parameters in the Industrial Outlook Survey provides the private manufacturing sector's aggregate assessment of the current quarter and outlook for the ensuing quarter. Chart: 14 shows the co-movements of

annual growth rates of quarterly GDP-Manufacturing, IIP-Manufacturing and the BEI based on assessment and expectations where movements in BEI appear to be closely leading the official output indicators released subsequently. Chart: 15 shows the movement of output prices in assessment and expectation quarter along with WPI (Manufacturing).



**Statement 1: Assessment of the Industrial performance for the January-March 2010 & Expectations of the Industrial performance for the quarter April-June 2010**

(Percentage of responding companies)

Parameter	Assessment (Jan-Mar 2010)				Expectations (Apr-June 2010)			
	Scenario				Scenario			
	Optimistic (Positive)	Pessimistic (Negative)	No Change	Net response (Col. 2 - Col. 3)	Optimistic (Positive)	Pessimistic (Negative)	No Change	Net response (Col. 6 - Col. 7)
1	2	3	4	5	6	7	8	9
1 Overall business situation	50.5	7.4	42.1	43.1	47.3	6.1	46.6	41.2
2 Overall Financial situation	42.3	6.5	51.3	35.8	41.6	5.3	53.0	36.3
3 Working Capital Finance Requirement	35.8	5.3	58.8	30.5	31.9	4.3	63.8	27.7
4 Availability of Finance	32.1	6.4	61.4	25.7	31.2	4.4	64.3	26.8
5 Cost of external finance	7.7	23.6	68.7	-15.9	6.1	26.8	67.1	-20.6
6 Production	49.0	12.5	38.5	36.5	45.8	9.9	44.3	35.9
7 Order Books	43.5	11.6	44.9	31.9	42.3	8.9	48.7	33.4
8 Pending Orders, if applicable	15.5	6.7	77.8	8.8	12.9	6.4	80.7	6.4
9 Cost of raw materials	2.2	62.3	35.5	-60.2	2.2	50.8	47.0	-48.6
10 Inventory of raw materials	6.8	12.6	80.6	-5.8	7.0	9.6	83.4	-2.6
11 Inventory of Finished Goods	6.7	11.0	82.3	-4.3	5.3	7.9	86.8	-2.6
12 Capacity utilisation	33.1	11.5	55.4	21.7	29.7	10.0	60.3	19.7
13 Level of capacity utilisation	16.7	13.7	69.5	3.0	12.5	10.9	76.6	1.6
14 Assessment of the production capacity	13.4	7.0	79.7	6.4	13.4	6.3	80.4	7.1
15 Employment in the company	21.0	7.3	71.7	13.7	19.5	5.9	74.7	13.6
16 Exports, if applicable	28.9	16.2	54.9	12.7	30.0	11.5	58.4	18.5
17 Imports, if any	25.5	8.4	66.1	17.1	22.9	5.9	71.2	17.1
18 Selling prices	24.6	12.2	63.2	12.4	22.4	9.1	68.5	13.3
19 If increase expected in selling prices, rate of such increase	31.1	9.5	59.5	21.6	28.2	8.5	63.4	19.7
20 Profit Margin	21.7	24.6	53.8	-2.9	22.1	18.9	59.0	3.2

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

(Per cent)									
Parameter	Optimistic Response	Apr-Jun 2008 <i>(1039)</i>	July-Sep 2008 <i>(1032)</i>	Oct-Dec 2008 <i>(1178)</i>	Jan-Mar 2009 <i>(1225)</i>	Apr-Jun 2009 <i>(1242)</i>	July-Sep 2009 <i>(1180)</i>	Oct-Dec 2009 <i>(1256)</i>	Jan-Mar 2010 <i>(1079)</i>
1	2	3	4	5	6	7	8	9	10
1 Overall business situation	Better	31.0	22.6	4.0	-11.1	9.3	26.3	36.0	43.1
2 Overall Financial situation	Better	25.1	15.3	-2.9	-9.6	7.0	21.8	29.5	35.8
3 Working Capital Finance Requirement	Increase	35.7	34.9	34.3	24.1	24.6	23.8	28.8	30.5
4 Availability of Finance	Improve	26.4	16.2	-1.7	-2.5	11.2	19.2	23.0	25.7
5 Cost of external finance	Decrease							-14.7	-15.9
6 Production	Increase	33.6	25.2	11.1	-8.0	6.9	22.6	28.9	36.5
7 Order Books	Increase	29.7	24.4	7.5	-16.8	-0.9	20.5	25.9	31.9
8 Pending Orders, if applicable	Below normal	5.8	9.3	13.6	32.0	24.6	17.4	11.6	8.8
9 Cost of raw materials	Decrease	-68.9	-79.4	-46.0	-8.1	-26.3	-41.7	-47.1	-60.2
10 Inventory of raw materials	Below average	-4.3	-7.0	-4.8	-1.8	-2.4	-2.1	-4.2	-5.8
11 Inventory of Finished Goods	Below average	-3.9	-4.0	-8.4	-13.1	-4.2	-4.3	-4.3	-4.3
12 Capacity utilisation	Increase	17.7	13.6	1.7	-16.3	-3.7	10.1	16.5	21.7
13 Level of capacity utilisation	Above normal	-1.5	-4.1	-12.0	-29.3	-19.2	-11.2	-3.9	3.0
14 Assessment of the production capacity	More than adequate	4.0	5.0	12.1	8.3	4.6	5.8	5.3	6.4
15 Employment in the company	Increase	16.4	14.1	9.4	-8.3	-3.3	4.1	10.3	13.7
16 Exports, if applicable	Increase	20.0	22.4	7.6	-17.0	-13.5	-2.9	9.2	12.7
17 Imports, if any	Increase	20.5	20.7	6.7	-8.4	-1.3	7.8	13.0	17.1
18 Selling prices	Increase	23.6	33.5	-0.5	-25.5	-7.4	0.2	2.6	12.4
19 If increase expected in selling prices, rate of such increase	Increase at lower rate	-2.4	-0.5	1.2	31.7	11.0	23.2	19.3	21.6
20 Profit Margin	Increase	-5.3	-14.7	-26.6	-37.5	-25.1	-15.1	-9.9	-2.9

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

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

(Per cent)

Parameter	Optimistic Response	July-Sep 2008 (1039)	Oct-Dec 2008 (1032)	Jan-Mar 2009 (1178)	Apr-Jun 2009 (1225)	July-Sep 2009 (1242)	Oct-Dec 2009 (1180)	Jan-Mar 2010 (1256)	Apr-Jun 2010 (1079)
1	2	3	4	5	6	7	8	9	10
1 Overall business situation	Better	41.8	33.7	21.1	11.2	24.2	39.8	44.9	41.2
2 Overall Financial situation	Better	32.7	27.7	16.4	8.4	20.0	33.5	39.3	36.3
3 Working Capital Finance Requirement	Increase	33.6	33.8	32.9	23.2	26.3	30.4	32.7	27.7
4 Availability of Finance	Improve	30.2	23.3	13.7	9.3	16.6	26.1	29.2	26.8
5 Cost of external finance	Decrease							-18.3	-20.6
6 Production	Increase	43.5	39.8	26.0	9.9	22.4	35.0	40.0	35.9
7 Order Books	Increase	38.5	35.7	20.6	6.4	16.8	32.3	35.8	33.4
8 Pending Orders, if applicable	Below normal	2.2	4.6	11.5	23.2	19.1	11.0	5.7	6.4
9 Cost of raw materials	Decrease	-54.7	-61.1	-35.7	-16.2	-27.1	-38.4	-44.3	-48.6
10 Inventory of raw materials	Below average	-3.8	-7.6	-3.3	1.1	-0.5	-1.2	-3.6	-2.6
11 Inventory of Finished Goods	Below average	-1.5	-4.3	-4.4	-4.4	-1.8	-3.7	-1.9	-2.6
12 Capacity utilisation	Increase	22.2	26.4	12.3	-0.7	10.7	22.0	25.4	19.7
13 Level of capacity utilisation	Above normal	3.6	-0.5	-7.4	-20.8	-12.1	-3.8	1.3	1.6
14 Assessment of the production capacity	More than adequate	4.6	5.7	11.8	8.9	5.5	6.5	5.0	7.1
15 Employment in the company	Increase	15.8	16.6	7.7	-5.1	1.5	8.8	12.1	13.6
16 Exports, if applicable	Increase	27.7	27.3	16.0	-3.8	0.1	12.5	20.2	18.5
17 Imports, if any	Increase	21.3	21.4	9.1	-1.4	4.6	11.5	16.9	17.1
18 Selling prices	Increase	21.0	26.2	4.1	-9.1	0.0	6.0	9.8	13.3
19 If increase expected in selling prices, rate of such increase	Increase at lower rate	3.0	0.6	0.9	25.9	-100.0	19.4	16.8	19.7
20 Profit Margin	Increase	3.8	-3.6	-12.9	-18.6	-13.4	-2.8	1.1	3.2

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

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**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 45, 48 and 49 respectively)**

Parameter	Optimism Criteria	Assessment					Expectation				
		Net Response (%)			Differences in net		Net Response (%)			Differences in net	
		Current quarter of a year ago survey	Current quarter of previous survey	Current quarter of current survey	A year ago survey	Pervious quarter survey	Expectation quarter of a year ago survey	Expectation quarter of previous survey	Expectation quarter of current survey	A year ago survey	Pervious quarter survey
		Jan-Mar 2009	Oct-Dec 2009	Jan-Mar 2010	(5) - (3)	(5) - (4)	April-June 09	Jan-Mar 10	April-June 10	(10) - (8)	(10) - (9)
1	2	3	4	5	6	7	8	9	10	11	12
1 Overall business situation	Better	-11.1	36.0	43.1	54.2	7.1	11.2	44.9	41.2	30.0	-3.7
2 Overall Financial situation	Better	-9.6	29.5	35.8	45.4	6.3	8.4	39.3	36.3	27.9	-3.1
3 Working Capital Finance Requirement	Increase	24.1	28.8	30.5	6.4	1.7	23.2	32.7	27.7	4.5	-5.1
4 Availability of Finance	Improve	-2.5	23.0	25.7	28.2	2.6	9.3	29.2	26.8	17.5	-2.4
5 Cost of external finance *	Decrease		-14.7	-15.9		-1.2		-18.3	-20.6		-2.4
6 Production	Increase	-8.0	28.9	36.5	44.5	7.7	9.9	40.0	35.9	26.0	-4.1
7 Order Books	Increase	-16.8	25.9	31.9	48.7	6.0	6.4	35.8	33.4	27.0	-2.4
8 Pending Orders, if applicable	Below normal	32.0	11.6	8.8	-23.2	-2.8	23.2	5.7	6.4	-16.8	0.7
9 Cost of raw materials	Decrease	-8.1	-47.1	-60.2	-52.1	-13.0	-16.2	-44.3	-48.6	-32.4	-4.3
10 Inventory of raw materials	Below average	-1.8	-4.2	-5.8	-4.0	-1.6	1.1	-3.6	-2.6	-3.7	0.9
11 Inventory of Finished Goods	Below average	-13.1	-4.3	-4.3	8.8	-0.1	-4.4	-1.9	-2.6	1.8	-0.7
12 Capacity utilisation	Increase	-16.3	16.5	21.7	38.0	5.2	-0.7	25.4	19.7	20.4	-5.8
13 Level of capacity utilisation	Above normal	-29.3	-3.9	3.0	32.3	6.9	-20.8	1.3	1.6	22.4	0.3
14 Assessment of the production capacity	More than adequate	8.3	5.3	6.4	-1.9	1.1	8.9	5.0	7.1	-1.8	2.1
15 Employment in the company	Increase	-8.3	10.3	13.7	22.0	3.3	-5.1	12.1	13.6	18.7	1.5
16 Exports, if applicable	Increase	-17.0	9.2	12.7	29.7	3.6	-3.8	20.2	18.5	22.3	-1.7
17 Imports, if any	Increase	-8.4	13.0	17.1	25.5	4.1	-1.4	16.9	17.1	18.5	0.1
18 Selling prices	Increase	-25.5	2.6	12.4	37.9	9.8	-9.1	9.8	13.3	22.4	3.5
19 If increase expected in selling prices, rate of such increase	Increase at lower rate	31.7	19.3	21.6	-10.1	2.3	25.9	16.8	19.7	-6.2	2.9
20 Profit Margin	Increase	-37.5	-9.9	-2.9	34.6	6.9	-18.6	1.1	3.2	21.8	2.1

\* : 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 previous quarter	Change over previous year	Index	Change Over previous quarter	Change over previous year
1	2	3	4	5	6	7
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				119.8	-0.8	23.4

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Annex				
 <div style="display: inline-block; vertical-align: middle; margin-left: 10px;"> <p style="margin: 0;"><b>RESERVE BANK OF INDIA</b></p> <p style="margin: 0;"><b>DEPARTMENT OF STATISTICS AND INFORMATION MANAGEMENT</b></p> <p style="margin: 0;">MUMBAI-400051.</p> <p style="margin: 0;"><b>INDUSTRIAL OUTLOOK SURVEY, JANUARY-MARCH 2010</b></p> <p style="margin: 0;"><b>(ROUND 49)</b></p> </div>				
<b>Block 1. General Information</b>	<b>Sample company code:</b> (To be filled by the agency / RBI)			
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 <input type="checkbox"/> A, Private Sector <input type="checkbox"/> B				
111 Whether company?: Industry-Micro <input type="checkbox"/> A; Small <input type="checkbox"/> B; Medium <input type="checkbox"/> C; Large <input type="checkbox"/> D				
112 Date: _____ 2010	<b>Seal of the Company after filling-in the Schedule</b>			
<b>Block 2: Product Details</b>				
(Please write the main and two major products (in the order of sales) manufactured by the company)				
Code	Products	Name	Code (To be filled-in by Agency /RBI)	
201	Main Product			
202	Other Major Product 1			
203	Other Major Product 2			
204		<b>Broad Industry Group</b>		
Micro Industry: Investment in plant and machinery ≤ Rs. 25 lakh; Small: Investment in plant and machinery > Rs. 25 lakh but Rs. ≤ 5 crore; Medium: Investment in plant and machinery >Rs. 5 crore but ≤ Rs. 10 crore.				

## Annex (Contd.)

**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 Rs. 1 Crore	Rs. 1 Crore to Rs. 10 Crore	Rs. 10 Crore to Rs. 25 Crore	Rs. 25 Crore to Rs. 50 Crore	Rs. 50 Crore to Rs. 100 Crore	Above Rs. 100 Crore
302	Annual Production (All products)	Up to Rs. 100 Crore	Rs. 100 Crore to Rs.250 Crore	Rs. 250 Crore to Rs. 500 Crore	Rs. 500 Crore to Rs. 750 Crore	Rs. 750 Crore to Rs. 1000 Crore	Above Rs. 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

**Block 4: Is your company's normal production level expected to face any constraints during the Current Quarter (January-March 2010)** (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 (January-March 2010)			
		Most Important	Moderately Important	Less Important	Not Important
		(1)	(2)	(3)	(4)
401	Technology constraints				
402	Shortage of Raw Materials				
403	Shortage of Power				
404	Equipment / Machinery not working				
405	Industrial Relations / Labour Problems				
406	Inadequate transport facilities				
407	Shortage of Working Capital Finance				
408	Lack of Domestic Demand				
409	Lack of Export Demand				
410	Competitive Imports				
411	Uncertainty of economic environment				
412	Any others (Please specify):				

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## Annex (Contd.)

**Block 5. Assessment for the current quarter (January-March 2010) and Expectations for the next quarter (April-June 2010)**

Code	Parameter	Current Quarter ( January-March 2010)			Next Quarter (April-June 2010)		
		<i>Please tick (✓) changes over October-December 2009 quarter</i>			<i>Please tick (✓) changes over January-March 2010 quarter</i>		
		(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
512	Capacity utilisation (main product)	Increase	No change	Decrease	Increase	No change	Decrease
513	Level of capacity utilisation (compared to the average in preceding four quarters)	Above normal	Normal	Below Normal	Above normal	Normal	Below Normal
514	Assessment of the production capacity with regard to expected demand in next six months	More than adequate	Adequate	Not Adequate	More than adequate	Adequate	Not Adequate
515	Employment in the company (All cadres including part-time / full-time/casual labour)	Increase	No change	Decrease	Increase	No change	Decrease
516	Exports, if applicable	Increase	No change	Decrease	Increase	No change	Decrease
517	Imports, if any	Increase	No change	Decrease	Increase	No change	Decrease
518	Selling prices (ex-factory unit prices) are expected to @@	Increase	No change	Decrease	Increase	No change	Decrease

**Annex (Concl.)**

Code	Parameter	Current Quarter (January-March 2010)			Next Quarter (April-June 2010)		
		<i>Please tick (✓) changes over October-December 2009 quarter</i>			<i>Please tick (✓) changes over January- March 2010 quarter</i>		
		(1)	(2)	(3)	(4)	(5)	(6)
519	If increase expected in selling prices, rate of such increase	Increase at higher rate	Increase at about same rate	Increase at lower rate	Increase at higher rate	Increase at about same rate	Increase at lower rate
520	Profit Margin (Gross profits as percentage of net sales) @@@	Increase	No change	Decrease	Increase	No change	Decrease

@ : Average level may be obtained as the average of level at the end of four quarters during the corresponding preceding year.

@@ : In the case of multi product companies, the average of the price changes may be taken into account.

@@@ : Gross profits are defined as total income minus manufacturing expenses, salaries and wages, other expenses and depreciation and other provisions (except tax provision). In other words, profits are gross of interest and tax provision (PBIT). 'Net Sales' are sales net of 'rebates and discounts' and 'excise duty and cess'.

**To be filled in by the Agency**

Investigated by		Scrutinised by	
Signature:		Signature:	
Name:		Name:	
Date:		Date:	
Investigator's Remarks:		Scrutiny remarks:	