

*Quarterly Industrial Outlook Survey: July-September 2009 (47th Round) **

This article presents the survey findings of Industrial Outlook Survey conducted for July-September 2009 quarter, the 47th round in the series. It gives the assessment of business situation of companies in manufacturing sector, for the quarter July-September 2009, and their expectations for the ensuing quarter October-December 2009. The survey findings indicate that the business sentiments that were at an improving stage during the previous quarter (April-June 2009) have shown further improvement during current quarter (July-September 2009) implying Indian manufacturing sector continues to recover further. The present round of the survey shows further improvement in the Business Expectation Index (BEI) by 8 per cent over the preceding round (April-June 2009) which also follows a sharp rise by 30 per cent over Jan-March 2009 quarter. The recovery of economic growth appears to be more robust in view of the continuing consolidation of business confidence.

Highlights

The survey conducted in July-September 2009 signals continued improvement in the sentiments of the manufacturing sector after a turnaround in the previous quarter (April-June 2009), pointing towards a robust growth in the overall performance of the manufacturing sector.

- The **demand conditions** show signs of further recovery in the second

* Prepared in the Survey Division of Department of Statistics and Information Management. This is in continuation to the article 'Quarterly Industrial Outlook Surveys: Trends since 2001' published in October 2009 Bulletin.

consecutive quarter signalling towards economy escalation. This is reflected from the improved growth in production, order books and export and import orders compared to previous quarter. Also, the decrease in pending orders 'below normal' over previous quarters and the upward turn of capacity utilisation in current quarter reflects the improvement in demand condition. However, a large proportion of respondents expected no change in the inventory levels (both raw material and finished goods) for the current and ensuing quarters.

- The **financial conditions** show further recuperation as more respondents assessed 'betterment' of overall financial situation during the quarters under review. In line with demand conditions, the working capital finance requirement is also expected to grow in October-December 2009 quarter and the assessment on availability of finance has further improved and eased. The pressure on profit margin continues but the contraction is expected at a much lower rate. The input prices are expected to rise for the second successive quarter and with increased demand, companies are feeling the pricing power to pass it on to their selling prices. The **outlook on employment** has also improved and companies are expected to increase their workforce with the prevailing optimistic demand conditions.
- There is a remarkable improvement in the assessment and expectation of **Overall business situation** as the net response exhibited a rising trend. These

upward movements of assessment and expectations as compared to previous quarters are large and statistically significant. The business expectations indices based on assessment for July-September 2009 and on expectations for next quarter were both in growth terrain and reached to 107.2 and 116.4 respectively from 99.4 and 109.9.

- The **industry-wise** break-up shows that while all the industry groups have positive overall business sentiments in the present quarter, specifically few industry groups, *viz.*, transport, food products, and pharmaceuticals and fertilisers are more optimistic than the others. The rise in input price is also felt across board, but it is highest for paper, rubber, textiles and food industries. All industries except textiles are expected to increase their workforce.
- **Size wise analysis** shows that the improvement is also seen across all size groups, but the bigger companies with annual production of Rs. 1000 crore or more are most optimistic. The smaller companies (annual production less than Rs 100 crore) feel the more input price pressures and their net response for availability of finance is also lower 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 19 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 Methodology¹

II.1. Sample Size

The sample covers about 3000 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 during the two-month period ending August 2009 by outsourcing. 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.

II.2. Response to the Survey

The survey elicited response from 1200 companies (40 per cent of the sample) within the stipulated time. Companies with incomplete or improperly filled-in schedules

were excluded for the analysis². The study is based on responses of 1180 companies which were included in the analysis.

II.3. The Survey Schedule

The present survey schedule predominantly consists of qualitative questions (Annex I) and the target respondents are senior management personnel or finance heads of the companies. The schedule runs into two pages containing five blocks canvassed on quarterly basis. Block 1 collects information about location and contact details of the respondent company. Block 2 pertains to information of three major products (in terms of their sales) manufactured by company and on that basis company gets classified into different industry groups. Block 3 seeks size details of the company in terms of paid-up capital, annual production and current level of capacity utilisation, the information being sought in pre-specified ranges. Production constraints faced by the company during the quarter and reasons thereof are collected through Block 4.

Block 5 pertains to qualitative questions on 19 core parameters which include Overall Business Situation, Financial Situation, Working Capital Finance Requirement, Availability of Finance, Production, Order Books, Cost of Raw Material, Inventory Levels (both raw material and finished goods), Capacity Utilisation indicators, Employment,

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

² Only erroneous (incomplete or improperly filled-in schedules) are discarded; however, these companies are not deleted from the master permanently and are considered for future rounds of this survey.

Exports, Imports, Selling Prices and Profit Margin. The information is sought for two reference periods, *i.e.*, assessment of current quarter and the expectations for the next quarter. These responses are collected on a 3-point scale (*i.e.* increase, decrease and no change). The results are presented using Net Responses (NR), which is the percentage difference of positive (Optimistic) minus negative (pessimistic) responses; ignoring no change.

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. A time series article presenting the movements of the survey findings since Round 10 (April-June 2000), after which consistent time series data on the survey results were available, till Round 46 (April-June 2009) was published in October 2009 Bulletin. The survey findings of the 47th round

conducted for **July-September 2009** 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 and expectations of Production (for all products), whether it will increase, decrease, or there will be no change. On the output front **assessment** and **expectations**, for the quarter under study, went up from the levels observed in the previous quarter (April-June 2009). This shows a marked improvement in the demand condition.

III.1.2. Order Books

The demand position of the manufacturing companies, as directly

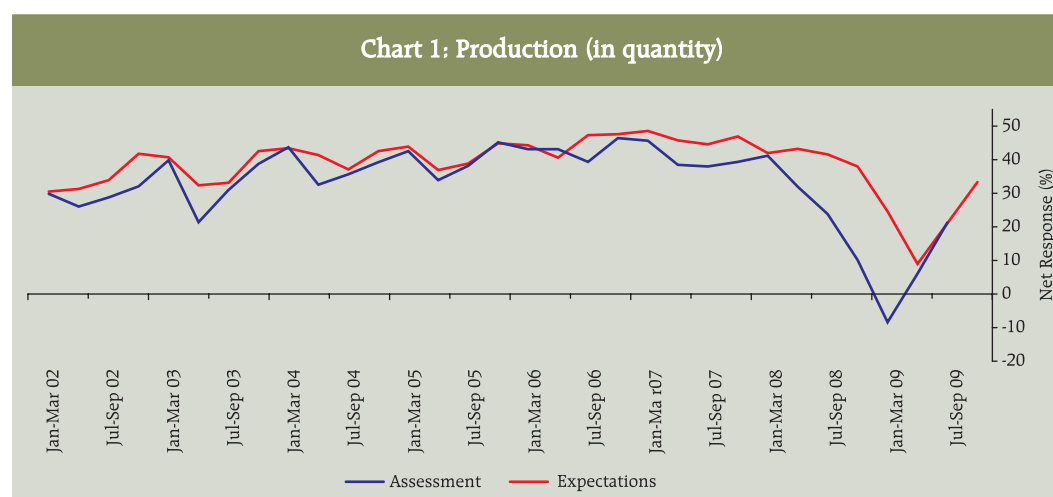


Table 1: Assessment & Expectations for Production

(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	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						46.0	11.0	43.0	35.0

measured by order books, has improved remarkably over the previous quarter; the net response is sharply up from -0.9 per cent to 20.5 per cent. The expectation for the next quarter echoed the similar sentiment.

III.1.3. Pending orders

The question on pending orders were 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 optimism level both for **assessment**

and **expectations** for maintaining pending order 'above normal' has decreased over preceding quarters as more companies shifted from above normal to normal level of pending order.

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

Chart: 2 Order Books (in quantity)

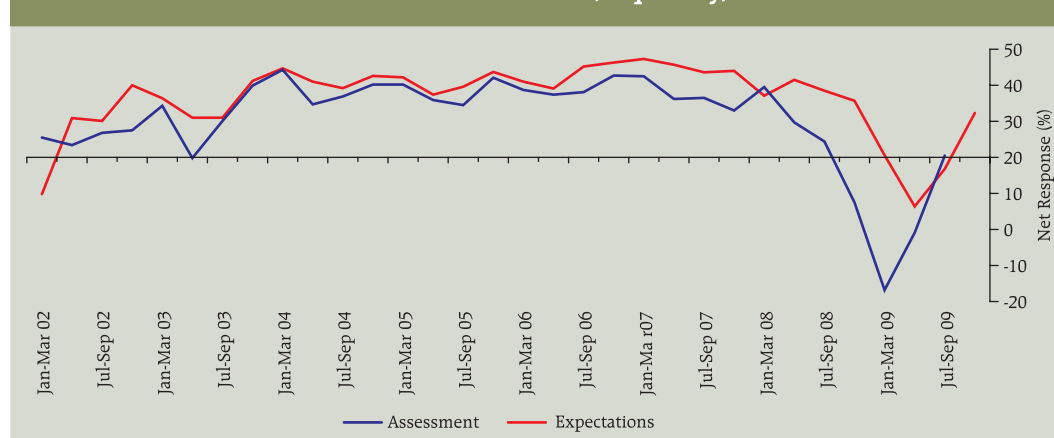


Table 2: Assessment & Expectations for Order books

(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	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						43.5	11.2	45.3	32.3

manufacturing companies about Capacity Utilisation of main product (increase/decrease/ no change), level of capacity utilisation compared to the average in the last 4 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).

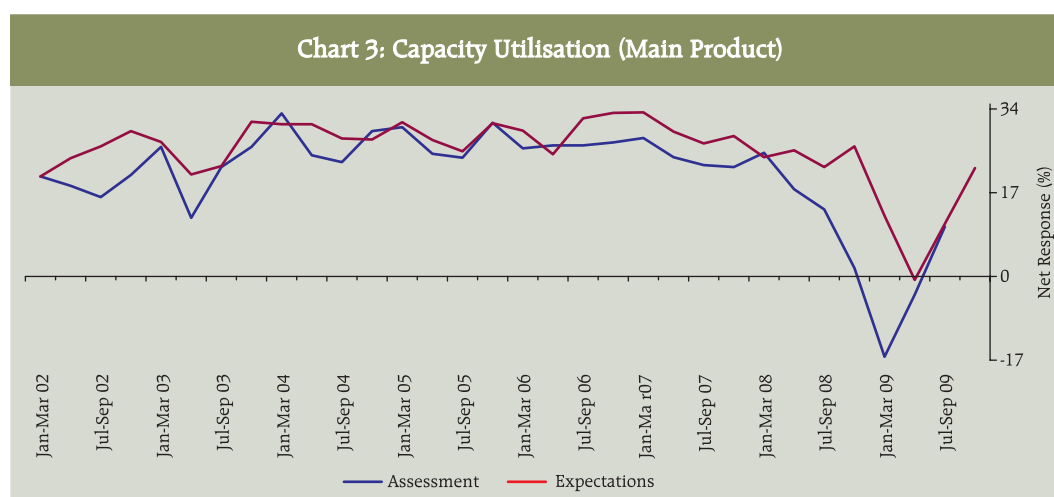
i) More companies reported an increase in capacity utilisation turning around negative sentiments, indicating a contraction in rate of Capacity Utilisation of the last two quarters into the growth terrain in the current quarter. The

expectation for the next quarter echoed the similar sentiment with higher degree.

ii) *Level of capacity utilisation* - Assessment of Production capacity with regard to expected demand in next six months shows that there will be adequate capacity as net response increased to 5.8 per cent in current quarter (July-September 2009) from 4.6 per cent in previous quarter (April-June 2009). The proportion of companies that expressed about the inadequacy of their production capacity in meeting the demand for next 6 months has decreased to 7.6 per cent from 9.4 per cent. This improvement in

Table 3: Assessment & Expectations for Pending Orders

(Percentage responses)									
Survey Quarter	Total response	Assessment for Current Quarter				Expectation for Next Quarter			
		Above Normal	Below Normal	Normal	Net response	Above Normal	Below 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						15.2	4.2	80.6	11.0



higher level of demand *vis-à-vis* capacity is in tune with the increase level of capacity utilisation in the period.

III.1.5. 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** and **expectations** about **Export** growth is recovering progressively in both

Table 3: Per cent responses under Expectations for Capacity Utilisation

(Percentage responses)

Parameter	Options	Assessment for quarter		Expectations for quarter	
		Apr-Jun 2009	July-Sep 2009	July-Sep 2009	Oct-Dec 2009
1	2	3	4	5	6
Capacity Utilisation (main product)	Increase	21.6	28.3	26.6	32.9
	No Change	53.1	53.5	57.5	56.2
	Decrease	25.3	18.2	15.9	10.9
	Net Response	-3.7	10.1	10.7	22.0
Level of Capacity Utilisation (compared to the average in last 4 quarters)	Above normal	8.3	10.2	8.6	10.1
	Normal	64.2	68.4	70.8	76.0
	Below Normal	27.5	21.4	20.7	13.9
	Net Response	-19.2	-11.2	-12.1	-3.8
Assessment of Production Capacity (with regard to expected demand in next 6 months)	More than adequate	14.0	13.4	14.3	13.4
	Adequate	76.6	79.0	76.9	79.7
	Less than adequate	9.4	7.6	8.8	6.9
	Net Response	4.6	5.8	5.5	6.5

Table 4: 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	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						27.0	14.5	58.5	12.5

the quarters. Though the net responses are still in contraction terrain during current quarter, they has improved considerably as compared to previous quarter (-13.5 per cent to -2.9 per cent). Half of the responding companies expect no change in export growth during current quarter; while 58.5 per cent expect no change in ensuing quarter (October-December 2009).

The net response on **assessment** and **expectation** for **Import** growth shows a speedy recovery. The sentiments have now

turned to positive from negative for both the quarters under review indicating that the demand (external and domestic) for manufactured products is picking up in the current quarter as well as for the next quarter.

III.2. Financial Situation

The survey assesses sentiments about financial condition through four parameters, viz., Overall Financial Situation, Working Capital Finance Requirement

Chart 4: Exports and Imports

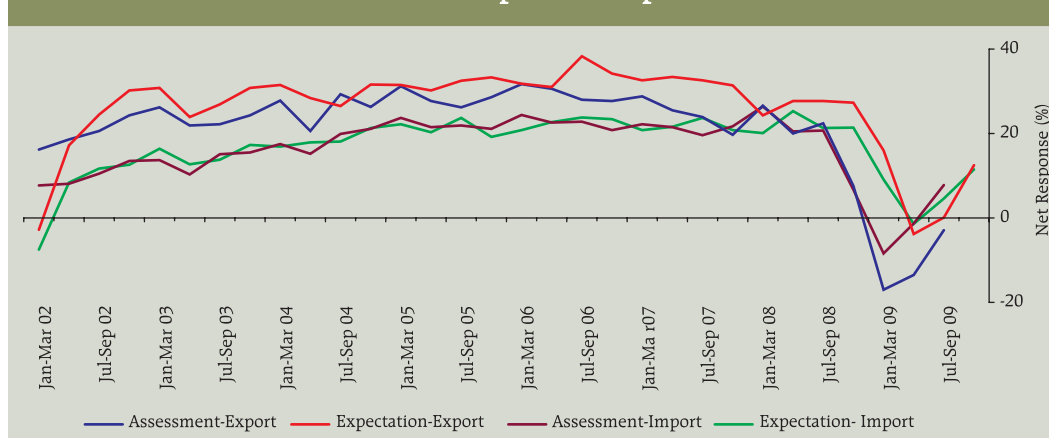


Table 5: Assessment & Expectations for Imports

(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	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						21.3	9.8	68.9	11.5

(excluding internal sources of funds), Availability of Finance (both internal and external sources) and Profit Margin.

III.2.1. Overall Financial Situation

Corporates gauge a positive **assessment** about the **Overall Financial Situation**, indubitably, for the current quarter (July-September 2009), as more respondents **assessed** 'betterment' of overall financial situation during the current quarter. The improvement in the net response of 21.8

per cent from 7.0 per cent was large and significant as compared to preceding quarter. The **expectations** for the ensuing quarter (October-December 2009) also registered an improvement of optimism (net response of 33.5 per cent as compared to 20.0 per cent). The quarterly movements of overall financial situation for the last eight years are presented in the chart below. There was a continuous sliding optimism on Overall Financial Situation since beginning 2008, which has rebounded from last round of the survey.

Chart 5: Overall Financial Situation

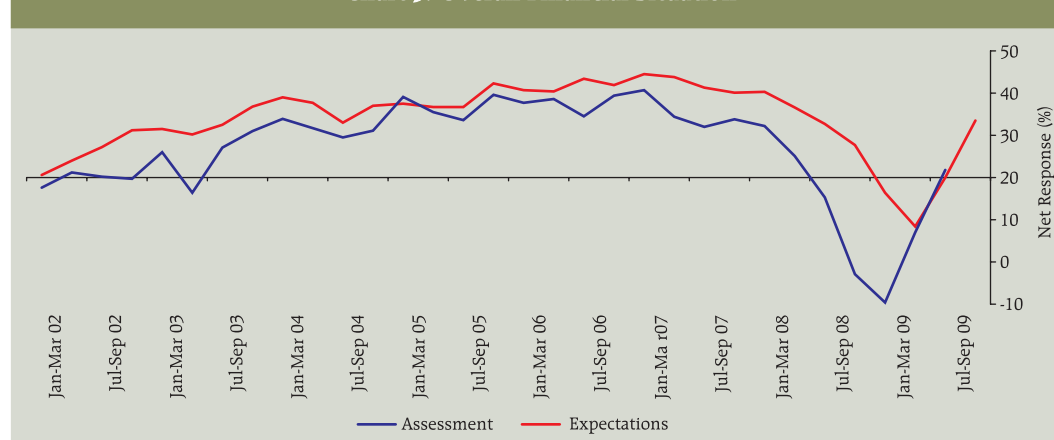


Table 6: Assessment & Expectations for Overall Financial Situation

(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	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						40.5	7.0	52.5	33.5

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

The assessment on the Working Capital Finance Requirement (excluding internal source of funds) for the current quarter register a minor fall; which is mainly due to adequate inventory levels in the last quarter. On the other hand, the improvement is observed in the expectation for ensuing quarter on account of more companies expecting the working capital finance requirement to support the production

activities and fewer companies expecting a decline in outlook as compared to the previous quarter.

Although about 63 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, however, the net optimism is enhanced.

The quarterly movements of Working Capital Requirements and Availability of Finance (both internal and external

Chart 6: Working Capital Finance Requirement and Availability of Finance

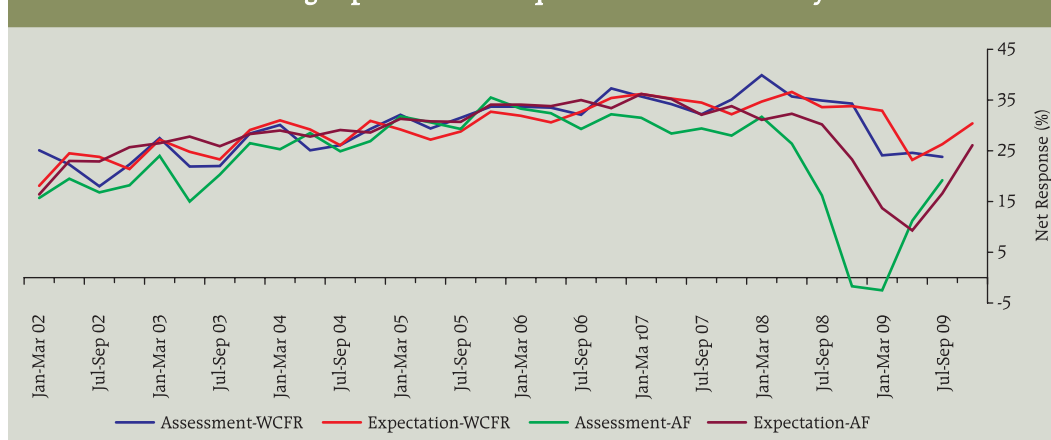


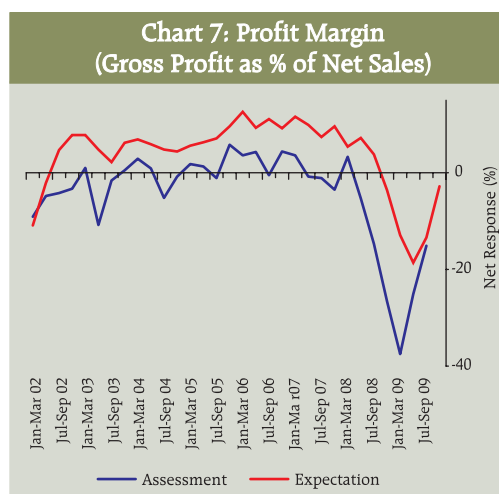
Table 7: Assessment & Expectations for Working capital finance requirement

(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	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						34.7	4.3	61.0	30.4

sources), presented in the chart above, shows that for ensuing quarter, the manufacturers' expect their WCFR to improve marginally, while their sentiments on availability of finance show significant improvement.

III.2.3. Profit margin

Survey asks manufacturing companies whether in their opinion their profit margin (gross profits as percentage at net sales) is expected to increase, decrease or remain same. The **Profit margin** in the Jan-Mar 2009 quarter of the survey which was at all time low in the survey history, is picking up from the last survey round (April-June 2009),



however, it is still in the contraction terrain in the current round of the survey (July-September 2009). This is due to the

Table 8: 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	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						31.7	5.6	62.7	26.1

Table 9: 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	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						20.2	23.0	56.8	-2.8

persisting pessimistic view of the respondents about Profit margin.

III.3. Price and Employment Expectation

Three questions related to prices were canvassed in the survey. The question 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).

III.3.1. Cost of raw material

The net response on cost of raw material of the reporting companies declined sharply in both the quarters under review, indicating that the manufactures are more concern on cost of raw material as more respondents opined about increase in the raw material prices as compared to those in preceding quarter. Thus the manufacturing corporates feel that their input price inflation is likely to increase. It is interesting to note that the gloominess for profit margin in the current survey round has reduced compared to previous round; therefore, corporates are at

Chart 8: Cost of Raw Materials

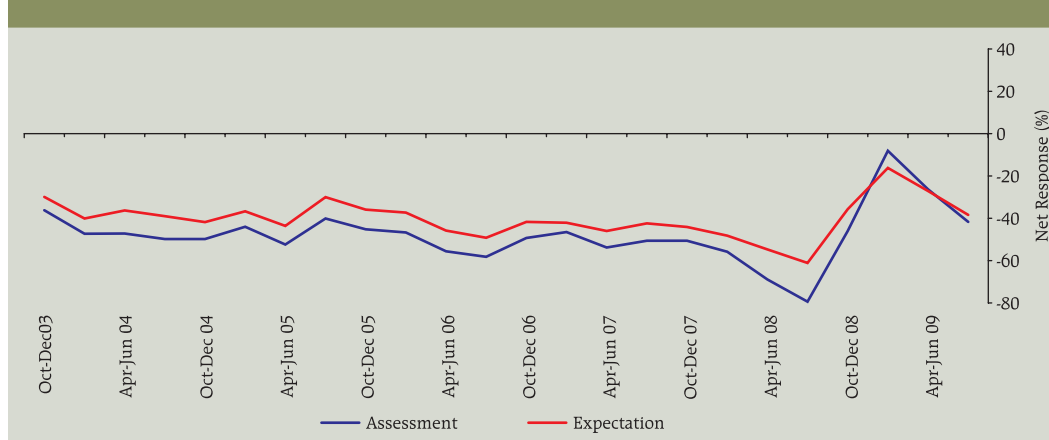


Table 10: Assessment & Expectations for Cost of raw material

(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	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	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						5.0	43.4	51.6	-38.4

comparatively better place to pass on their cost burden to customers.

III.3.2. Inventory of Raw materials & finished goods (in quantity terms)

Survey questionnaire includes two questions about inventory level of the companies during current and ensuing quarter. Manufacturers are solicited to opine on the extent of raw material and finished goods inventory (both in quantity

terms) in the form of 3-point scale - above average, average or below average level, where below average inventory was considered an optimistic response as it reflected better inventory management. The average level is computed as average of the levels at the end of four quarters during the corresponding preceding year (Statement I).

Majority of the corporate (80-85 per cent) reported 'average' (*i.e.*, no change) level of **Inventory of raw materials** and

Table 11: Assessment & Expectations for Cost of raw material for Inventory

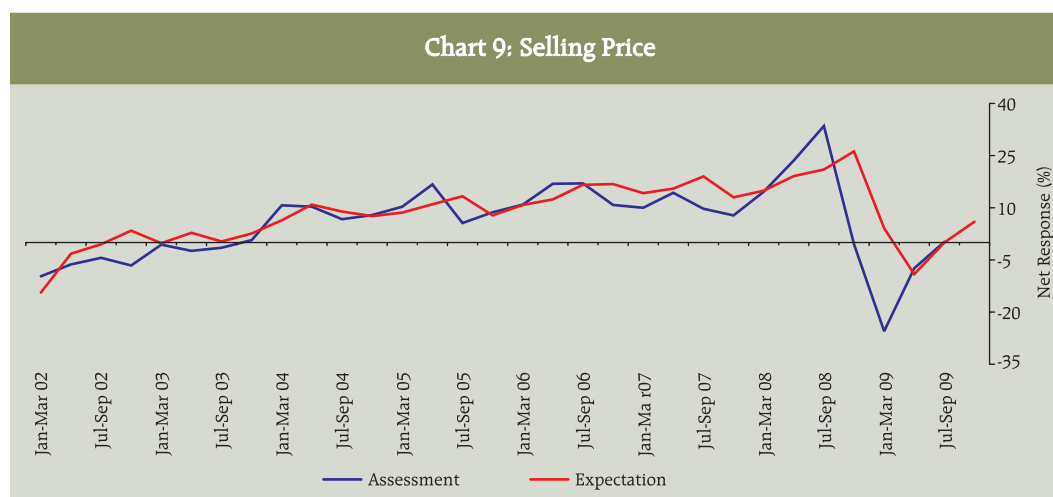
(Percentage responses)

Parameter	Options	Assessment for quarter		Expectations for quarter	
		Apr-Jun 2009	July-Sep 2009	July-Sep 2009	Oct-Dec 2009
		3	4	5	6
Inventory of raw material	Below average	9.4	8.8	8.4	6.9
	Average	78.7	80.3	82.7	85.0
	Above average	11.8	10.9	8.9	8.1
	Net Response	-2.4	-2.1	-0.5	-1.2
Inventory of Finished goods	Below average	9.6	8.6	8.8	5.5
	Average	76.6	78.5	80.6	85.3
	Above average	13.8	12.9	10.6	9.2
	Net Response	-4.2	-4.3	-1.8	-3.7

Below average is optimistic

ARTICLE

Quarterly Industrial
Outlook Survey:
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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 shifted from 'below average' to 'average' as compared to the previous quarter indicating further improvement in the demand conditions.

III.3.3. Selling price

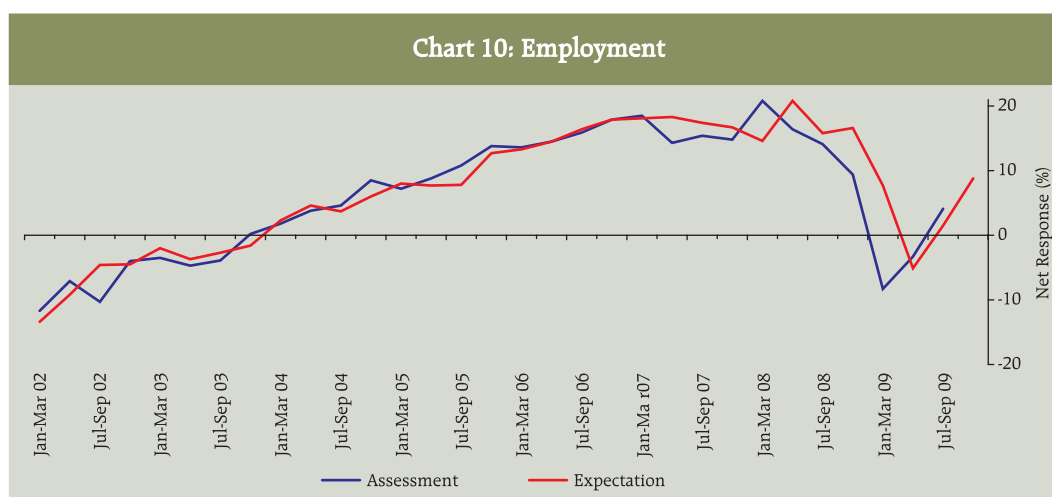
Survey seeks responses from manufacturing corporates about ex-factory Selling Prices. In case of multi-product

companies, they are requested to take into account the average of the price changes. Optimism level for **Selling prices** ('increase in selling price') for both **assessment** and **expectations** has improved, which is mainly due to increase in proportion of 'no change in selling price'. While 19.2 percent corporates opined about a 'decline' in the selling prices in the current quarter, only 13.2 expected this decline to continue in October-December 2009 as well. Among the respondents that viewed an increase in selling prices, 31.3 per cent of respondents

Table 12: 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	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						19.2	13.2	67.6	6.0



viewed increase to be 'at lower rate'. Sharp decline in respondents who opined about increase in selling prices 'at higher rate' was also observed during the period under review.

III.3.4. Employment

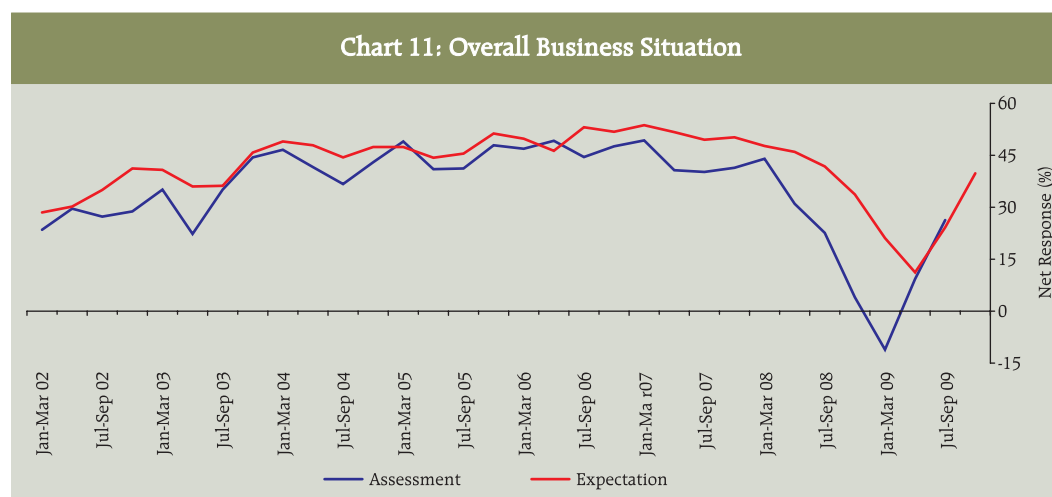
Industrial Outlook Survey seeks from the companies their perceptions on employment change at their company. Employment includes all cadres comprising full-time, part-time and casual labour. The employment

outlook of Indian manufacturing has taken U-turn in the current quarter (July-September 2009). The companies will be net hirers in the current quarter compared to the last quarter (net response from -3.3% to 4.1%). Marked improvement is also observed in the employment expectation for the October-December 2009. Indian manufacturing sector will be a net hirer for the quarters under review. Around 76-77 per cent of companies did not expect any change in their employment position.

Table 13: 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	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						15.8	7.0	77.2	8.8



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 July-September 2009 has improved significantly to 26.3 per cent from the level of 9.3 per cent in the previous quarter. Similarly the net response for expectation has also

shown a rising trend (from 24.2 per cent to 39.8 per cent). The net response assessment and expectation for the last six quarters are presented in Table 14 it shows that the trend of sharp declining positive sentiments and rising negative sentiments till Jan-Mar 2009 has now been reversed.

These upward movements of assessment and expectations with respect to previous periods under comparison are statistically significant. The movement of the overall business situation since Jan-Mar 2002 quarter is presented in the chart.

Table 14: Assessment & Expectations of Overall Business Situation

(Percentage responses)

Survey Quarter	Total response	Assessment for Current Quarter				Expectation for Next Quarter			
		Better	Worsen	No change	Net response	Better	Worsen	No change	Net response
1	2	3	4	5	6	7	8	9	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						47.2	7.4	45.4	39.8

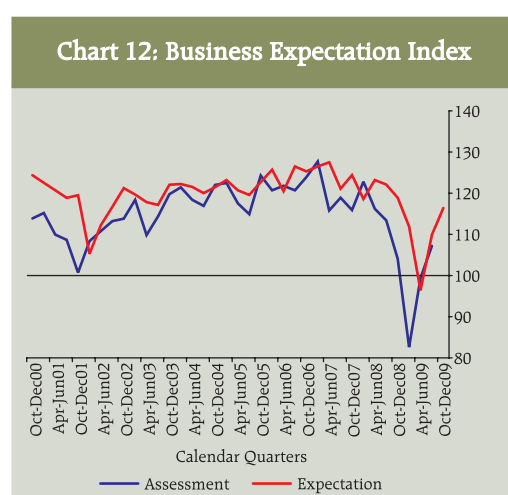
III.4.2: Business Expectation Index

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 19 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 Utilisation.

For both the quarters under review the Business Expectation Index (BEI) improved, indicating a precise recovery for the Indian manufacturing sector by entering into the growth terrain. The BEI for July-September 2009 was at 107.2 increased from 99.4 and for October-December 2009 it was 116.4 as compared to 109.9 seen in the previous quarter.

III.5: Industry-wise analysis³

Transport Equipment (70), Rubber & Plastic products (77), Pharmaceuticals &



³ (Figures in bracket represent number of companies)

Medicines (71), Food products (101), Other Machinery & Apparatus (153), Electrical machinery (85), Basic Chemicals (105), Fertilisers (22) industries are generally optimistic about their overall business situation for October-December 2009. They expect demand conditions to improve, and thus higher levels of production and capacity utilisation. Their overall financial situation is good, working capital finance requirement will go up and availability of finance is expected to be comfortable. The Food and Pharmaceuticals companies are expecting an increase in their input prices and expect to pass that on to their customers. The industries having weak, though positive, overall business sentiments are Paper and paper products (37), Diversified (15), Cement (27) Textiles (157).

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

Bigger companies (annual production above Rs. 1000 crore) are more positive about overall business & financial situation and working capital finance requirement. The smaller companies (annual production less than Rs 100 crore) are less optimistic about availability of finance than the larger ones. Bigger companies are more positive about domestic and external demand. Smaller firms anticipate the domestic demand to go up but expect a contraction in their exports. The smaller companies feel more pressure on the input price, availability of finance is also lower than their bigger counterparts. Bigger companies are expected to be net hirers; the smaller

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Industry-wise analysis						
Net Response (%) for October-December 2009						
	Industry	Production	Financial Situation	Profit margin	Employment	Overall Business Situation
1	2	3	4	5	6	7
1	Transport Equipment	49.3	49.3	6.9	13.9	57.2
2	Rubber & Plastic products	46.1	31.2	-2.6	15.4	48.0
3	Pharmaceutical & Medicines	37.1	38.0	2.8	15.5	45.1
4	Food products	34.7	44.0	10.2	18.0	43.6
5	Other Machinery & Apparatus	35.7	35.3	-5.3	3.3	43.2
6	Electrical machinery	54.1	32.9	-10.9	21.1	42.3
7	Basic Chemicals	39.6	35.3	0.0	6.6	41.9
8	Fertilisers	27.3	27.3	10.0	18.2	41.0
9	Basic Metals & Metal products	33.6	32.6	0.0	8.5	40.3
10	Wood & wood products	14.3	42.9	7.7	-7.1	35.8
11	Other industries	14.8	24.2	-7.5	-6.4	30.2
12	Textiles	28.2	25.6	-6.5	7.0	30.0
13	Cement	40.7	40.7	-22.2	0.0	29.6
14	Diversified companies	21.5	33.3	-20.0	6.7	26.7
15	Paper & Paper products	19.5	16.2	-18.9	2.7	21.6
All Industries		35.0	33.5	-2.8	8.8	39.8

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. Incidentally the same is inferred based on the analysis on annual production-size wise.

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	Rd	Rd	Rd	Rd	Rd	Rd	Rd	Rd	Rd	Rd	Rd
Production	46	47	46	47	46	47	46	47	46	47	46	47
Order book	15.8	28.4	26.2	38.9	38.8	47.4	7.7	23.6	23.2	35.1	43.7	55.0
Exports	9.7	28.1	21.1	35.2	34.1	41.3	8.6	26.4	17.1	32.2	31.1	46.9
Raw material inventory	-5.9	3.2	3.5	18.2	11.1	27.0	-9.6	-1.0	1.4	13.9	-5.2	14.9
Finished goods inventory	-0.5	1.1	2.1	-4.1	0.0	-1.5	-3.9	-5.9	1.0	-0.4	2.0	-4.9
Capacity utilisation	0.6	-2.6	3.2	-4.8	1.9	-3.9	3.2	-4.4	1.5	-3.6	4.0	-3.5
Input price	2.4	16.7	15.4	25.1	27.2	31.3	-2.2	14.4	11.9	22.4	17.3	30.0
Output price	-28.6	-41.9	-28.2	-35.5	-12.0	-35.2	-28.5	-39.4	-27.7	-39.0	-12.3	-27.8
Employment	-1.8	4.0	0.2	9.2	6.0	3.2	-2.3	2.5	0.6	6.9	-5.8	-1.6
Overall financial situation	-2.4	5.3	4.8	11.7	4.9	12.1	-5.4	3.3	2.5	9.5	2.0	8.2
Working capital finance requirement	16.0	26.4	22.7	39.4	25.0	41.2	12.2	23.8	21.1	34.6	17.3	35.0
	23.1	28.3	28.2	31.7	32.1	34.4	14.4	18.0	27.5	31.7	33.4	34.5

5: Constraints for attaining the normal production level

The responses for attaining the normal production level during the quarter **July-September 2009** has remained at 56 per cent which is slightly lower compared to last survey round (61 per cent). The constraints reported are due to 'Lack of domestic demand', 'Lack of export demand' 'Uncertainty of economic environment', and 'Shortage of Power'. The major industry groups for which higher proportion of companies reported production constraints are 'Diversified' (73 per cent), 'Paper and paper products' (73 per cent) 'Textiles' (59 per cent). On the other end of the spectrum, only 28.6 per cent of 'Wood and wood products', 40.8 per cent of 'Pharmaceutical' companies reported production constraints.

Smaller companies, in terms of their annual production, paid-up capital and

lower level of capacity utilisation felt more production constraints than the bigger ones. Out of 655 companies who reported output constraints during the current quarter (July-September 2009), 80 per cent of companies belong to paid up capital class 'Upto Rs. 25 crore', whereas 4.4 per cent of the bigger companies in paid up capital class of 'Above Rs.100 crore' reported a similar view.

About 66.1 per cent of companies in annual production class 'Upto Rs.100 crore' reported output constraints during current quarter whereas 45.2 per cent of companies in higher annual production class of 'Above Rs.1000 crore' reported similar views.

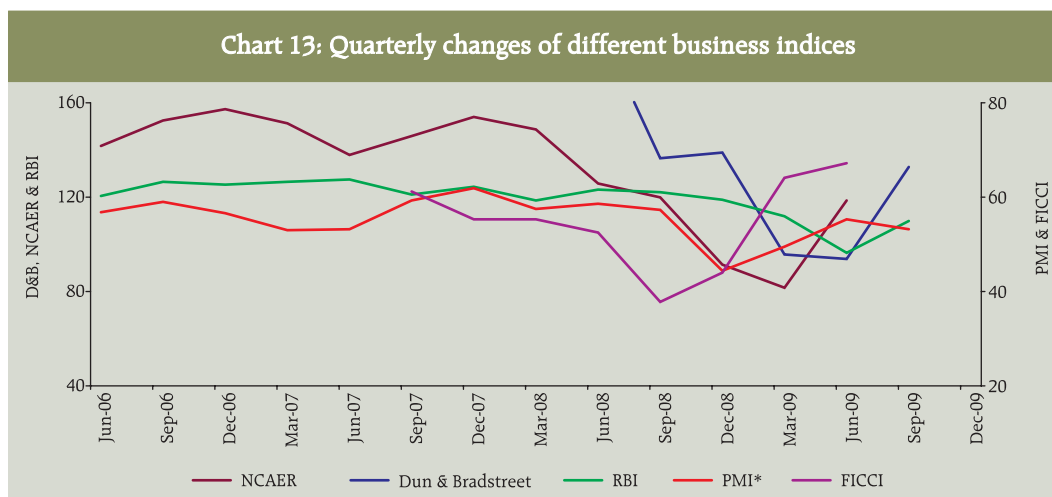
Business Confidence Surveys of other Agencies

Comparison of other business indices along with their survey highlights are briefly outlined below.

Business Confidence Surveys of other Agencies					
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
Sample size	–	528	372	<500	1180
Index	Business Optimism Index	Business Confidence Index	Overall Business Confidence Index	Purchasing Managers' Index	Business Expectations Index
Period	Jul-Sep 2009	Jul-09	Q1 2009-10	Aug-09	Oct-Dec 2009
Index based on current survey	132.1	118.6	67.2	53.2	116.4
Index based on previous survey	93.8	81.6	64.1	55.4	109.9
Index based on one year back survey	136.5	125.8	52.5	57.9	118.9
% change q-o-q	40.8	45.3	4.8	-4.0*	5.9
% change y-o-y	-3.2	-5.7	28.0	-8.1	-2.1
* Change over previous month					

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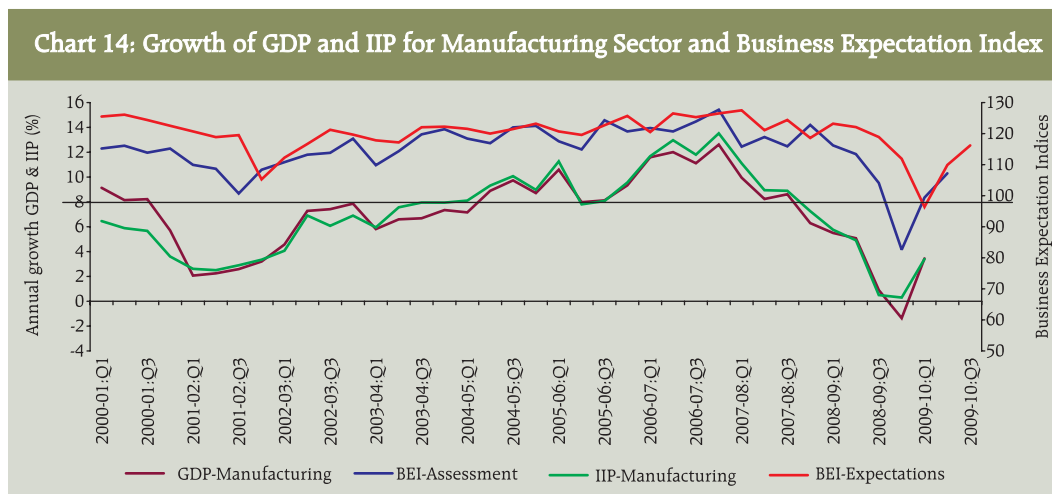
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Survey Results and Official Statistics

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 (at 1999-00 prices), IIP-Manufacturing (base: 1993-94=100) and the BEI based on assessment and expectations where movements in BEI appear to be closely leading the official output indicators released subsequently.



Statement 1: Assessment of the Industrial performance for the July- September 2009 & Expectations of the Industrial performance for the quarter October-December 2009

(Percentage of responding companies)

Parameter	Assessment (April-June 2009)				Expectations (October-December 2009)			
	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	39.3	13.0	47.7	26.3	47.2	7.4	45.4	39.8
2. Financial Situation	34.3	12.5	53.2	21.8	40.5	7.0	52.5	33.5
3. Working Capital Finance requirement	31.2	7.4	61.4	23.8	34.7	4.3	61.0	30.4
4. Availability of Finance	28.0	8.8	63.2	19.2	31.7	5.6	62.7	26.1
5. Production	40.9	18.3	40.8	22.6	46.0	11.0	43.0	35.0
6. Order Books	38.2	17.7	44.1	20.5	43.5	11.2	45.3	32.3
7. Pending Orders, if applicable	21.1	3.7	75.2	17.4	15.2	4.2	80.6	11.0
8. Cost of raw material	8.1	49.8	42.1	-41.7	5.0	43.4	51.6	-38.4
9. Inventory of Raw Material	8.8	10.9	80.3	-2.1	6.9	8.1	85.0	-1.2
10. Inventory of Finished goods	8.6	12.9	78.5	-4.3	5.5	9.2	85.3	-3.7
11. Capacity Utilisation (Main product)	28.3	18.2	53.5	10.1	32.9	10.9	56.2	22.0
12. Level of Capacity Utilisation (Compared to the average in preceding four quarters)	10.2	21.4	68.4	-11.2	10.1	13.9	76.0	-3.8
13. Assessment of the Production Capacity (With regard to expected demand in next six months)	13.4	7.6	79.0	5.8	13.4	6.9	79.7	6.5
14. Employment in the Company	14.2	10.1	75.7	4.1	15.8	7.0	77.2	8.8
15. Exports, if applicable	20.9	23.8	55.3	-2.9	27.0	14.5	58.5	12.5
16. Imports, if any	21.8	14.0	64.2	7.8	21.3	9.8	68.9	11.5
17. Selling Prices	19.4	19.2	61.4	0.2	19.2	13.2	67.6	6.0
18. If Increase Expected in Selling Prices, rate of increase	31.3	8.1	60.6	23.2	28.1	8.7	63.2	19.4
19. Profit Margin	16.9	32.0	51.1	-15.1	20.2	23.0	56.8	-2.8

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

(Per cent)							
Parameter	Optimistic Response	Apr-Jun 2008 (1039)	Jul-Sep 2008 (1032)	Oct-Dec 2008 (1178)	Jan-Mar 2009 (1225)	Apr-Jun 2009 (1242)	Jul-Sep 2009 (1180)
1	2	3	4	5	6	7	8
1. Overall business situation	Better	31.0	22.6	4.0	-11.1	9.3	26.3
2. Financial situation	Better	25.1	15.3	-2.9	-9.6	7.0	21.8
3. Working capital finance requirement	Increase	35.7	34.9	34.3	24.1	24.6	23.8
4. Availability of finance	Improve	26.4	16.2	-1.7	-2.5	11.2	19.2
5. Production	Increase	33.6	25.2	11.1	-8.0	6.9	22.6
6. Order books	Increase	29.7	24.4	7.5	-16.8	-0.9	20.5
7. Pending Orders, if applicable	Below normal	5.8	9.3	13.6	32.0	24.6	17.4
8. Cost of raw material	Decrease	-68.9	-79.4	-46.0	-8.1	-26.3	-41.7
9. Inventory of raw material	Below average	-4.3	-7.0	-4.8	-1.8	-2.4	-2.1
10. Inventory of finished goods	Below average	-3.9	-4.0	-8.4	-13.1	-4.2	-4.3
11. Capacity utilization (Main product)	Increase	17.7	13.6	1.7	-16.3	-3.7	10.1
12. Level of capacity utilization (Compared to the average in preceding four quarters)	Above normal	-1.5	-4.1	-12.0	-29.3	-19.2	-11.2
13. Assessment of the production capacity (With regard to expected demand in next six months)	More than adequate	4.0	5.0	12.1	8.3	4.6	5.8
14. Employment in the company	Increase	16.4	14.1	9.4	-8.3	-3.3	4.1
15. Exports, if applicable	Increase	20.0	22.4	7.6	-17.0	-13.5	-2.9
16. Imports, if any	Increase	20.5	20.7	6.7	-8.4	-1.3	7.8
17. Selling prices are expected to	Increase	23.6	33.5	-0.5	-25.5	-7.4	0.2
18. If increase expected in selling prices	Increase at lower rate	-2.4	-0.5	1.2	31.7	11.0	23.2
19. Profit margin	Increase	-5.3	-14.7	-26.6	-37.5	-25.1	-15.1

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 Six 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)
1	2	3	4	5	6	7	8
1 Overall business situation	Better	41.8	33.7	21.1	11.2	24.2	39.8
2 Financial situation	Better	32.7	27.7	16.4	8.4	20.0	33.5
3 Working capital finance requirement	Increase	33.6	33.8	32.9	23.2	26.3	30.4
4 Availability of finance	Improve	30.2	23.3	13.7	9.3	16.6	26.1
5 Production	Increase	43.5	39.8	26.0	9.9	22.4	35.0
6 Order books	Increase	38.5	35.7	20.6	6.4	16.8	32.3
7 Pending Orders, if applicable	Below normal	2.2	4.6	11.5	23.2	19.1	11.0
8 Cost of raw material	Decrease	-54.7	-61.1	-35.7	-16.2	-27.1	-38.4
9 Inventory of raw material	Below average	-3.8	-7.6	-3.3	1.1	-0.5	-1.2
10 Inventory of finished goods	Below average	-1.5	-4.3	-4.4	-4.4	-1.8	-3.7
11 Capacity utilization (Main product)	Increase	22.2	26.4	12.3	-0.7	10.7	22.0
12 Level of capacity utilization (Compared to the average in preceding four quarters)	Above normal	3.6	-0.5	-7.4	-20.8	-12.1	-3.8
13 Assessment of the production capacity (With regard to expected demand in next six months)	More than adequate	4.6	5.7	11.8	8.9	5.5	6.5
14 Employment in the company	Increase	15.8	16.6	7.7	-5.1	1.5	8.8
15 Exports, if applicable	Increase	27.7	27.3	16.0	-3.8	0.1	12.5
16 Imports, if any	Increase	21.3	21.4	9.1	-1.4	4.6	11.5
17 Selling prices are expected to	Increase	21.0	26.2	4.1	-9.1	0	6.0
18 If increase expected in selling prices	Increase at lower rate	3.0	0.6	0.9	25.9	-100.0	19.4
19 Profit margin	Increase	3.8	-3.6	-12.9	-18.6	-13.4	-2.8

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 Next Quarter based on the Net Responses for all parameters from a year ago, previous and current quarter surveys (i.e. Round 43, 46 and 47 respectively)

Parameter	Optimism Criteria	Assessment					Expectations				
		Net Response (%)			Differences in net response of current quarter of current survey over current quarter of		Net Response (%)			Differences in net response of next quarter of current survey over current quarter of	
		Current quarter of a year ago survey	Current quarter of previous survey	Current quarter of current survey	A year ago survey	Previous quarter survey	Next quarter of a year ago survey	Next quarter previous of survey	Next quarter of current survey	A year ago survey	Previous quarter survey
		July-Sept 08	Apr-Jun 09	July-Sept 09	(5) - (3)	(5) - (4)	Oct-Dec 08	July-Sept 09	Oct-Dec 09	(10) - (8)	(10) - (9)
1	2	3	4	5	6	7	8	9	10	11	12
1. Overall business situation	Better	22.6	9.3	26.3	3.7	17.0	33.7	24.2	39.8	6.1	15.6
2. Financial situation	Better	15.3	7.0	21.8	6.5	14.8	27.7	20.0	33.5	5.8	13.5
3. Working capital finance requirement	Increase	34.9	24.6	23.8	-11.1	-0.8	33.8	26.3	30.4	-3.4	4.1
4. Availability of finance	Improve	16.2	11.2	19.2	3.0	8.0	23.3	16.6	26.1	2.8	9.5
5. Production	Increase	25.2	6.9	22.6	-2.6	15.7	39.8	22.4	35.0	-4.8	12.6
6. Order books	Increase	24.4	-0.9	20.5	-3.9	21.4	35.7	16.8	32.3	-3.4	15.5
7. Pending Orders, if applicable	Below normal	9.3	24.6	17.4	8.1	-7.2	4.6	19.1	11.0	6.4	-8.1
8. Cost of raw material	Decrease	-79.4	-26.3	-41.7	37.7	-15.4	-61.1	-27.1	-38.4	22.7	-11.3
9. Inventory of raw material	Below average	-7.0	-2.4	-2.1	4.9	0.3	-7.6	-0.5	-1.2	6.4	-0.7
10. Inventory of finished goods	Below average	-4.0	-4.2	-4.3	-0.3	-0.1	-4.3	-1.8	-3.7	0.6	-1.9
11. Capacity utilization (Main Product)	Increase	13.6	-3.7	10.1	-3.5	13.8	26.4	10.7	22.0	-4.4	11.3
12. Level of capacity utilization (Compared to the average in preceding four quarters)	Above normal	-4.1	-19.2	-11.2	-7.1	8.0	-0.5	-12.1	-3.8	-3.3	8.3
13. Assessment of the production capacity (With regard to expected demand in next six months)	More than adequate	5.0	4.6	5.8	0.8	1.2	5.7	5.5	6.5	0.8	1.0
14. Employment in the company	Increase	14.1	-3.3	4.1	-10.0	7.4	16.6	1.5	8.8	-7.8	7.3
15. Exports, if applicable	Increase	22.4	-13.5	-2.9	-25.3	10.6	27.3	0.1	12.5	-14.8	12.4
16. Imports, if any	Increase	20.7	-1.3	7.8	-12.9	9.1	21.4	4.6	11.5	-9.9	6.9
17. Selling prices are expected to	Increase	33.5	-7.4	0.2	-33.3	7.6	26.2	0.0	6.0	-20.2	6.0
18. If increase expected in selling prices	Increase at lower rate	-0.5	11.0	23.2	23.7	12.2	0.6	-100.0	19.4	18.8	119.4
19. Profit margin	Increase	-14.7	-25.1	-15.1	-0.4	10.0	-3.6	-13.4	-2.8	0.8	10.6

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				116.4	6.5	-2.5

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 (July-September 2009) (Please tick (√) the relevant column)

400	Yes		No	
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If 'Yes' to item 400 indicate the possible reasons thereof

(please tick (√) the relevant column for each reason)

Code	Reasons	Current Quarter (July-September 2009)			
		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):				

ARTICLE

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Annex (Contd.)

Block 5. Assessment for the current quarter July-September 2009) and Expectations for the next quarter (October-December 2009)

Code	Parameter	Current Quarter (July-September 2009)			Next Quarter (October-December 2009)		
		<i>Please tick (✓) changes over April-June 2009 quarter</i>			<i>Please tick (✓) changes over July-September 2009 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	Production (in quantity terms) (All products)	Increase	No change	Decrease	Increase	No change	Decrease
506	Order Books (in quantity terms), if applicable	Increase	No change	Decrease	Increase	No change	Decrease
507	Pending Orders, if applicable	Above normal	Normal	Below Normal	Above normal	Normal	Below Normal
508	Cost of raw materials	Increase	No change	Decrease	Increase	No change	Decrease
509	Inventory of raw materials (in quantity terms) @	Above average	Average	Below Average	Above average	Average	Below Average
510	Inventory of Finished Goods (in quantity terms) @	Above average	Average	Below Average	Above Average	average	Below Average
511	Capacity utilisation (main product)	Increase	No change	Decrease	Increase	No change	Decrease
512	Level of capacity utilisation (compared to the average in preceding four quarters)	Above normal	Normal	Below Normal	Above normal	Normal	Below Normal
513	Assessment of the production capacity with regard to expected demand in next six months	More than adequate	Adequate	Less than Adequate	More than adequate	Adequate	Less than Adequate
514	Employment in the company (All cadres including part-time / full-time/casual labour)	Increase	No change	Decrease	Increase	No change	Decrease
515	Exports, if applicable	Increase	No change	Decrease	Increase	No change	Decrease
516	Imports, if any	Increase	No change	Decrease	Increase	No change	Decrease
517	Selling prices (<i>ex-factory</i> unit prices) are expected to @@	Increase	No change	Decrease	Increase	No change	Decrease

Annex (Concl.)

Code	Parameter	Current Quarter (July-September 2009)			Next Quarter (October-December 2009)		
		<i>Please tick (✓) changes over April-June 2009 quarter</i>			<i>Please tick (✓) changes over July-September 2009 quarter</i>		
		(1)	(2)	(3)	(4)	(5)	(6)
518	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
519	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:	2009	Date:	2009
Investigator's Remarks:		Scrutiny remarks:	