MNI India Business Report

October 2014

Insight and data for better decisions

MNI India Business Report

MNI India Business Sentiment is a monthly poll of Indian business executives at companies listed on the BSE (formerly known as the Bombay Stock Exchange). More than 300 companies are surveyed each month and are a mix of manufacturing, service, construction and agricultural firms.

The survey provides the first monthly snapshot of economic and business conditions, ahead of official data and other business confidence data in India.

Respondents are asked their opinion on whether a particular business activity has increased, decreased or remained the same compared with the previous month as well as their expectations for three months ahead, e.g. Is Production Higher/Same/Lower compared with a month ago?

A diffusion indicator is then calculated by adding the percentage share of positive responses to half the percentage of those respondents reporting no change. An indicator reading above 50 shows expansion, below 50 indicates contraction and a result of 50 means no change.

The survey looks at key business metrics including orders, production, pricing, inventories, credit availability and exchange rate impact. Sentiment on both current and future expectations allows users to comprehensively monitor business and economic trends.

Whether you are forecasting the Indian economy, analysing where to invest in India or want to know how other companies in your sector are performing, our monthly intelligence offers an unrivalled insight into exactly what India's largest companies are thinking.

Written and researched by
Philip Uglow, Chief Economist
Shaily Mittal, Economist
George Brown, Junior Economist

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MNI Indicators | Deutsche Börse Group
Westferry House
11 Westferry Circus
London
E14 4HE
Tel: +44 (0)20 7862 7444
Email: info@mni-indicators.com

www.mni-indicators.com
@MNIIndicators

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Happy Diwali

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Diwali signifies the triumph of good over evil, of righteousness over treachery and of light over darkness. It is perhaps appropriate that the government gave the gift of "goodness" by lifting controls on the price of diesel which has made it cheaper for the first time in five years in the run-up to this significant Hindu festival, a move which has been welcomed by both the domestic and international business community alike.

The absolute majority secured by the Bharatiya Janata Party in the April elections was historic and unique in Indian politics, providing it with an opportunity to implement tough, unpopular economic reforms and liberalisation measures. But in contrast to expectations, Modi had been slow on big bang reforms. An important beginning was made recently by liberalising diesel prices, albeit by taking advantage of low global oil prices which have fallen by more than 20% this year - the sharp decline has meant market prices for fuel have actually fallen below the government's administered price level. One key upshot of the removal of subsidies is that it will alleviate pressure on the fiscal budget which previously included an annual $23 billion bill on fuel subsidies.

The government also raised natural gas tariffs in an effort to encourage greater exploration and drilling activity in India. Natural gas prices will initially rise to $5.61 per million metric British thermal units from $4.20 on November 1, with prices subsequently revised every six months. Even though this is significantly below the $8.40 price that the committee had proposed, higher gas prices will most likely encourage additional investment in the gas sector.

The cut in diesel prices will lead to a further fall in inflation as diesel is the most commonly used fuel in the agriculture and transportation sectors, both of which affect food prices. However there are concerns that any sharp spikes in global crude prices will see the government backtrack and re-introduce controls.

The government also relaunched the direct benefit transfer scheme for LPG, under which a cash subsidy will be directly transferred into the bank accounts of consumers to reduce fraud. Although the larger kerosene and fertiliser subsidies still remain in place, the reduction and removal of which would require further resolve from the government.

While lower oil prices have helped the government cut fuel subsidies, other changes will be more difficult. Modi's "Make in India" campaign and reforms intended to streamline labour laws and make the scrutiny of factories much more transparent, have been well received among manufacturers but legislative changes to simplify labour laws are pending which will require more courage on the government's part.

The government also needs to move fast with a much-anticipated national goods and services tax to replace a labyrinth of taxes and introduce land acquisition policy to revive infrastructure investment. There remain formidable obstacles to Modi introducing large legislative changes, not least the BJP's lack of a majority in India's upper house of parliament, allowing other parties to block politically divisive measures with ease. That said, taking control of Maharashtra and Haryana, two big industrial states, should make it easier to bring about change in areas partly controlled by regional governments, including taxation and labour market regulation.

It's a promising start and our business surveys have echoed the confidence in India's future. It is now down to the government to make good on its promises.

Shaily Mittal
Economist
MNI Indicators

Executive Summary

The MNI India Business Indicator, calculated from the responses of BSE listed companies, declined by 1.5 points to 69.7 in October from 71.2 in September.

The MNI India Business Indicator, calculated from the responses of BSE listed companies, declined by 1.5 points to 69.7 in October from 71.2 in September. While confidence among manufacturing companies eased a little, sentiment was supported by service sector companies as the festival season encouraged higher spending in areas including real estate, entertainment, retail and investment.

The modest fall in overall business confidence masked increases in some of the key indicators in October. Notably, the Production Indicator rose for the third consecutive month to 66.7, the highest in over a year, while New Orders and Order Backlogs were boosted to 66.2 and 53.8 respectively by the heightened demand of the festival season. Consequently, businesses planned to raise their stock levels over the next three months to satisfy the expected turnaround in sales as the general outlook for the economy improves, with the expectations indicator rising to 55.6 in October.

Concerns surrounding the weakness of the global economic recovery led to a weakening in several emerging market currencies this month. The Indian rupee witnessed only a marginal fall, although significant enough to make foreign denominated loans more expensive for companies. The exchange rate movement was captured by the Effect of the Rupee Exchange Rate Indicator, which fell by almost 8% to 48.8, signifying that the rupee was hurting business operations.

Weakened financial positions coupled with the elevated cost and reduced availability of credit weighed against overall business confidence among our panel of companies in October. Companies' Financial Position declined to the lowest since March to 68.0 compared with 69.2 in September while the Availability of Credit Indicator fell sharply to 58.3 after hitting a record high of 64.6 in September.

The disinflationary trend since the start of the year continued in October, with the Input Prices Indicator falling to 59.4 in October from 60.4 in September, the lowest in the series' history, prompting an increasing number of companies to charge lower prices in October, with the Prices Received Indicator easing to 52.6 from 53.6 in September.

An increasing number of companies reported that they were running down their stock levels, with the Inventory level of Finished Goods indicator declining for the third month in a row to 51.2 in October, while suppliers also took longer to deliver orders during this busy month in the festival season, with the Supplier Delivery Times indicator rising to 53.0 compared with 50.2 in September.

The majority of our panellists see the "Modi boost" continuing, with Future Expectations for business conditions remaining broadly stable at 82.0 compared with last month's record high of 82.4. Construction companies' expectations eased slightly from the previous month but they still remained the most optimistic among the three sectors.

Overview

	Aug-14	Sep-14	Oct-14	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
MNI India Business Indicator								
Current Conditions	68.4	71.2	69.7	-	Aug-14	69.8	-1.5	-2.1%
Future Expectations	80.3	82.4	82.0	-	Aug-14	81.6	-0.4	-0.5%
Production								
Current Conditions	62.7	65.7	66.7	Sep-13	-	65.0	1.0	1.5%
Future Expectations	75.5	75.8	77.3	series high	-	76.2	1.5	2.0%
New Orders								
Current Conditions	65.3	64.3	66.2	Jun-14	-	65.3	1.9	3.0%
Future Expectations	75.6	76.4	75.3	-	Mar-14	75.8	-1.1	-1.4%
Export Orders								
Current Conditions	64.3	63.8	63.0	-	Jul-14	63.7	-0.8	-1.3%
Future Expectations	76.1	70.5	73.9	Aug-14	-	73.5	3.4	4.8%
Productive Capacity								
Current Conditions	60.9	62.8	60.1	-	Jul-14	61.3	-2.7	-4.3%
Future Expectations	71.4	71.3	71.4	Aug-14	-	71.4	0.1	0.1%
Order Backlogs								
Current Conditions	54.0	50.0	53.8	Aug-14	-	52.6	3.8	7.6%
Future Expectations	55.2	51.5	52.9	Aug-14	-	53.2	1.4	2.7%
Employment								
Current Conditions	50.3	49.9	50.3	Aug-14	-	50.2	0.4	0.8%
Future Expectations	53.9	51.5	52.8	Aug-14	-	52.7	1.3	2.5%
Inventories								
Current Conditions	54.5	51.8	51.2	-	May-14	52.5	-0.6	-1.2%
Future Expectations	50.0	48.8	55.6	Mar-14	-	51.5	6.8	13.9%
Input Prices								
Current Conditions	62.2	60.4	59.4	-	series low	60.7	-1.0	-1.7%
Future Expectations	62.4	56.7	57.6	Aug-14	-	58.9	0.9	1.6%
Prices Received								
Current Conditions	57.3	53.6	52.6	-	Mar-14	54.5	-1.0	-1.9%
Future Expectations	59.6	58.6	56.6	-	Jul-14	58.3	-2.0	-3.4%
Financial Position								
Current Conditions	69.8	69.2	68.0	-	Mar-14	69.0	-1.2	-1.7%
Future Expectations	78.8	80.2	79.5	-	Aug-14	79.5	-0.7	-0.9%
Interest Rates Paid								
Current Conditions	50.8	48.5	52.0	Jun-14	-	50.4	3.5	7.2%
Future Expectations	48.9	44.2	47.3	Aug-14	-	46.8	3.1	7.0%
Effect of Rupee Exchange Rate								
Current Conditions	51.2	53.0	48.8	-	Apr-14	51.0	-4.2	-7.9%
Future Expectations	53.3	56.8	56.5	-	Aug-14	55.5	-0.3	-0.5%
Supplier Delivery Times								
Current Conditions	53.1	50.2	53.0	Aug-14	-	52.1	2.8	5.6%
Future Expectations	54.5	54.3	54.3	Sep-14	-	54.4	0.0	0.0%
Availability of Credit								
Current Conditions	62.1	64.6	58.3	-	Feb-14	61.7	-6.3	-9.8%
Future Expectations	64.5	64.8	60.6	-	Mar-14	63.3	-4.2	-6.5%

Consumer price inflation fell to a historic low in September.

CPI fell to 6.46% in September from 7.73% in August, marking the fourth month it has been below the RBI's inflation target of 8% by January 2015.

Economic Landscape

In a long-anticipated move, the government has taken advantage of low global oil prices to lift state control over diesel prices to make them market determined.

In a long-anticipated move, the government has taken advantage of low global oil prices to lift state control over diesel prices to make them market determined. Finance Minister Arun Jaitley recently announced that the government will end diesel subsidies with immediate effect which should help to alleviate some of the pressure on India's fiscal deficit. Meanwhile, Prime Minister Narendra Modi unveiled a raft of labour reforms this month, aimed at furthering his dream of making India a global manufacturing hub. The reforms include measures to streamline the hiring process, with employers now only having to fill out a single form as opposed to 16 previously.

Following the faster pace of GDP growth seen in the June quarter, subsequent activity data has been mixed. Car sales fell on the year in September but this followed firm growth in August. Industrial production growth, though, remained at a lacklustre 0.4% on the year in August. The good news on inflation continued with consumer price inflation falling to a record low in September, the fourth month it has been below the RBI's inflation target of 8% by January 2015. In spite of the weaker price pressures, the RBI seems likely to maintain its tight policy stance until it is sure that inflation is on track to meet its longer term goals.

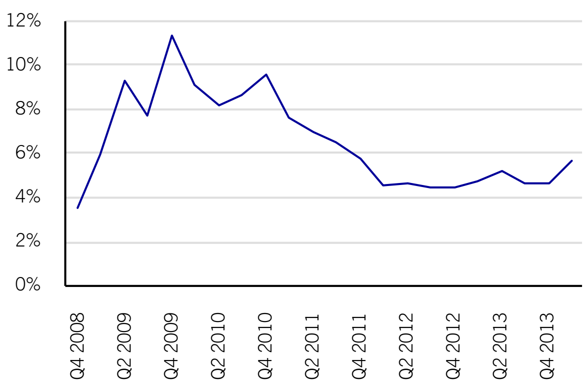
Economy grows at fastest pace in two years

The first GDP figures released since the election of Modi's pro-business BJP revealed that the economy expanded at the quickest rate in two years. In the three months to June the economy grew by 5.7% on the year, up from 4.6% in the previous quarter. Moreover, it was significantly above the 4.4% recorded a year earlier, which at the time was the worst growth in four years.

Data on an output basis showed that growth in the three months to June was boosted by a rebound in industrial production following two consecutive quarters of negative growth. The bounce back was primarily due to favourable base effects in manufacturing which grew by 3.5% on the year compared with a contraction of 1.4% in the previous quarter and mining which grew by 2.1% on the year compared with a contraction of 0.4% previously. In contrast, growth in agriculture slowed to 3.8% on the year, compared with 6.3% in the previous quarter and 4% in the same quarter a year earlier. Output in the service sector rose by 6.8% on the year, slightly up from 6.4% although down from the 7.2% increase seen in the April-June quarter a year ago.

On an expenditure basis, investment spending contributed 2.3 percentage points to GDP growth in the

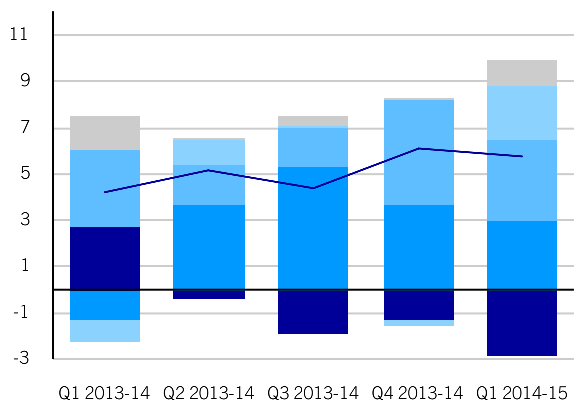
Economic Growth



— GDP Y/Y %, fiscal year

Source: Central Statistical Organisation, India

Contribution to Economic Growth



Discrepancies
GFCF
GDP Y/Y %
Net Exports
GFCE
PFCE
Inventories

Source: Central Statistical Organisation, India latest quarter, the highest addition since the Jan-March quarter of 2013. Personal consumption added 3.5 percentage points, down from 4.6 in the previous quarter, while net exports contributed 3.0 points down from 3.7 previously.

The official GDP figures for the three months to September are due to be released on November 28. While the easing in inflation should have helped to improve spending, the continued weakness of industrial production points to growth being more subdued than the previous quarter. Looking forward, India is well placed for stronger growth as falling global commodity prices should help to further rein in inflation, allowing the Reserve Bank of India to cut rates earlier than currently anticipated, which would help to encourage greater investment in India coupled with reforms by the government to make the economy more business-friendly.

The Ministry of Statistics recently announced that it will recalibrate the way it measures India's GDP to reflect informal and under-represented economic sectors. GDP data is presently based at 2003-04 prices and it will be rebased to 2011-12 prices and is expected to be released on January 31 next year, which would raise India's GDP size for three years from 2011-12 onwards.

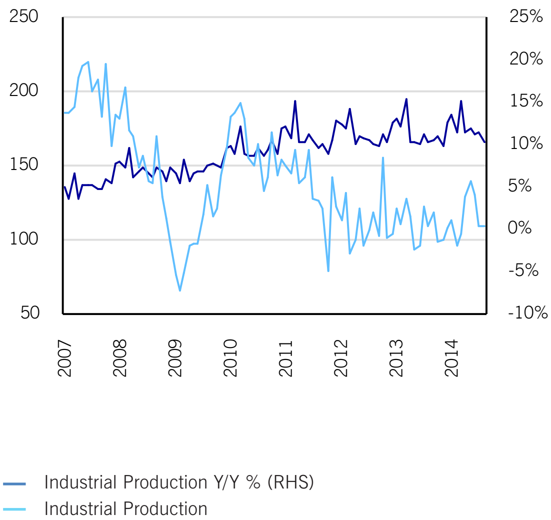
RBI Industrial Outlook improves

The RBI's Industrial Outlook Survey showed that the Business Expectation Index (BEI), a gauge of manufacturing business sentiment, improved in the quarter ending December to 117.7 from 114.7 in the quarter ending September and 109.9 a year earlier, the highest for three years.

The improvement in the BEI was due to improved optimism in capacity utilisation, imports and production coupled with reduced pessimism about the cost of raw materials.

The business outlook of the Indian manufacturing sector also showed an improvement for the current assessment period to 106.4, compared with the previous quarter's 105.2, the highest since June 2012. The increase in the composite index was due to higher optimism about capacity utilisation, imports, production and the cost of raw materials.

Industrial Production



Source: Central Statistical Organisation, India

RBI Consumer Confidence improves

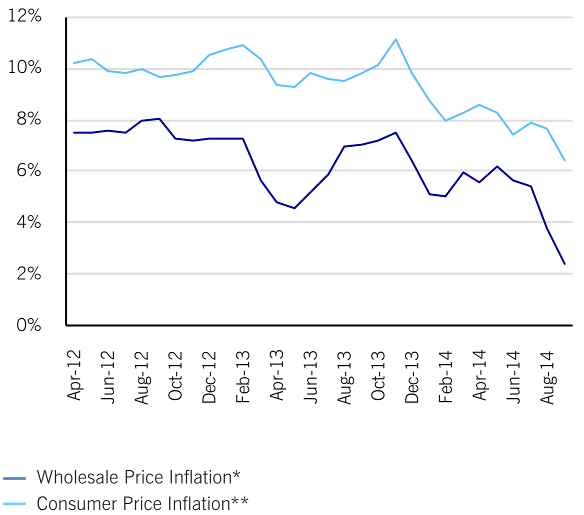
The RBI's Consumer Confidence survey showed that the Current Situation Index (CSI), an assessment of consumer sentiment, improved in the quarter ending September to 105.0 from 100.4 in the quarter ending June and was markedly above the 88.0 recorded in the quarter ending September a year earlier.

Consumers were increasingly more optimistic about the future with the Future Expectations Index rising to a series high of 123.2 from 122.9 in the previous quarter. An increasing proportion of respondents expected their spending to increase in the 12 months ahead, as the net response for perceptions on income in a year's time rose to 61.9%, signifying that the majority of respondents expected their income to rise.

Industrial output weakens in August

Industrial production grew by just 0.4% on the year in August, unchanged from July, with cumulative growth for the period April-August 2014-15 remaining unchanged from the April-July period at 2.5% over the corresponding period in 2013.

Growth was anaemic due to a 1.4% contraction on the year in manufacturing, which contributes about 75% to industrial output. This marked the second consecutive month that manufacturing output has contracted, Inflation



Source: *Office of the Economic Advisor, India, **MOSPI

previously by 1% in July, suggesting that India's recovery remains fragile. Eleven out of the 22 industry groups within the manufacturing sector expanded in August, led by a 19.1% rise in 'basic metals'. In contrast, the industry group 'Radio, TV and communication equipment & apparatus' had the highest negative growth for the fourth consecutive month of 48.8%, followed by a 43.9% decline in 'Office, accounting & computing machinery' and a 17.8% decline in 'Electricity machinery & apparatus'.

Mining output grew for the tenth month in a row by 2.6% in August compared with 1.2% growth in July. Output of consumer durables, a measure of consumer demand, contracted for the third consecutive month by 15% on the year compared with a decline of almost 21% in June. Capital goods output, a proxy for investment, declined by 11.3% on the year following a smaller fall of 3.8% last month, the largest contraction in five months.

Consumer price inflation hits record low in September

Consumer price inflation, which the Reserve Bank of India now targets, fell to a historic low of 6.46% in September from 7.73% in August, marking the fourth month it has been below the RBI's inflation target of 8% by January 2015. Food price inflation, which makes up almost half of the basket, eased to 7.7% from 9.4% in the previous month led by vegetable prices which rose by just 8.6% on the year compared with a 15% rise in the previous month. Core CPI inflation, which excludes food and energy, slowed to 5.9% on the year from 6.9% in August. Favourable base effects and a higher level of crop sowing should help to ease some of the pressure on food prices in the months ahead, although there are risks to the upside. The government plans to help bring down inflation by tackling supply constraints and creating cold storages and warehouses to prevent food spoilage, although this will do little to tackle price pressures in the short-term.

The previously target measure of inflation based on the wholesale price index, eased to 2.38% in September from 3.74% in August, the lowest in five years.

Repo rate at 8%

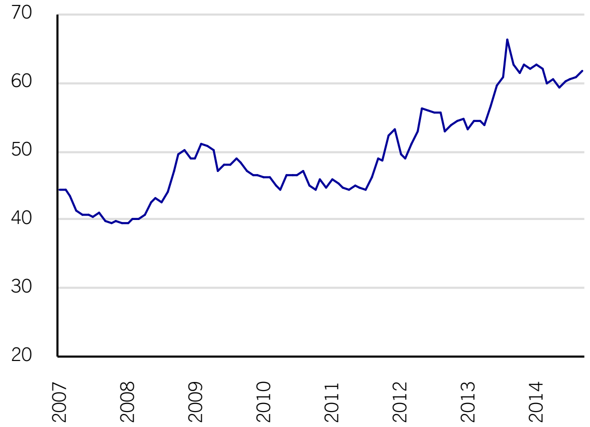
As expected, the Reserve Bank of India left the key policy rate at 8% at its monetary policy meeting on September 30, unchanged since January. The central bank also refrained from adjusting both the statutory liquidity ratio (SLR) and the cash reserve ratio (CRR), the main liquidity levers at its disposal. Governor Rajan stated that the current rate left the RBI reasonably on track to meet its target of bringing inflation down to 8% by January 2015. He stressed, though, that there were risks to the upside given that the late monsoon rains could translate into higher food prices in the coming months and the geopolitical developments in Russia and the Middle East which could impact the price of oil. Concerns on the latter will have subsided somewhat given the weakening in oil prices seen recently.

Given that the RBI looks likely to meet its short-term target for inflation, the focus of the monetary policy committee seems now to be maintaining the disinflationary glide path in order to reach its target of 6% by January 2016. Meeting the 2016 target will require the swift implementation of significant supply side reforms by the government. Comments from the central bank suggest that they are unlikely to ease policy until they are confident that inflation in on track to hit 6%.

Lower fiscal budget deficit

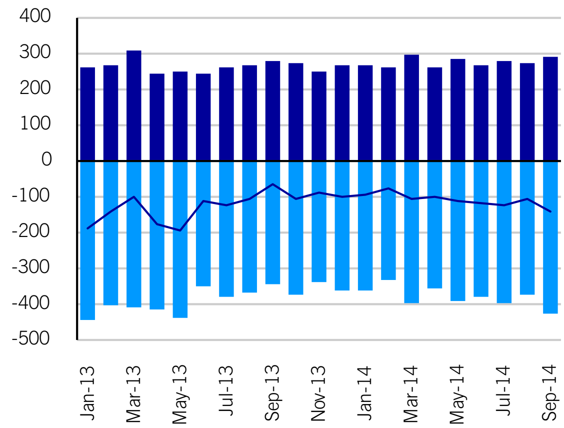
In the April-June quarter, the government budget deficit stood at Rs. 2.98 trillion, compared with Rs. 2.63 trillion last year, totalling 56.1% of the government's fiscal year

Rupee Exchange Rate



Source: Reuters

Trade Balance



Source: Ministry of Commerce and Industry

target. Government receipts totalled Rs. 1.16 trillion, lower than Rs. 1.19 a year earlier, of which net tax receipts were Rs. 0.99 trillion, lower than Rs. 1.02 trillion last year. Total expenditure was Rs. 4.14 trillion compared with Rs. 3.82 trillion a year earlier. The government's fiscal deficit was undoubtedly weak in August at Rs. 0.73 trillion compared with Rs. 0.64 trillion in the same month a year earlier. The fiscal deficit for the April-August period stood at Rs 3.98 trillion, 75% of the budget estimate of Rs 5.3 trillion.

In his maiden budget on July 10, Finance minister Arun Jaitley stuck to the fiscal deficit target of 4.1% of GDP for 2014-15 set by his predecessor Palaniappan Chidambaram in the interim budget. He plans to shrink the budget shortfall subsequently to 3.6% and 3% of GDP in the following years. Last month, S&P upgraded India's sovereign credit outlook from 'negative' to 'stable' recognising the government efforts in keeping the fiscal deficit in check. Moreover, the recent removal of the diesel fuel subsidy should help to alleviate pressures on government finances and lead to a lower fiscal deficit.

Trade deficit widens in September

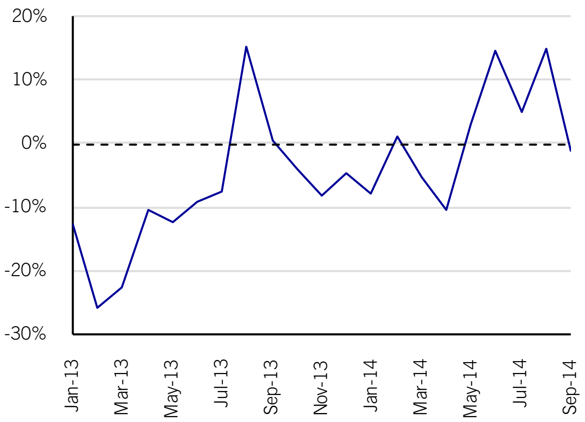
India's trade deficit widened to a 16-month high of $14.2 billion in September from $10.8 billion in August, and was significantly higher than the $6.1 billion shortfall recorded in September a year earlier. The magnitude of the worsening in the trade deficit is not expected to last, given that it was driven primarily by the festival season.

Exports rose to $28.9 billion in September after slowing to $27 billion in August. Imports surged in September to 26% on the year to $43.2 billion from $34.3 billion a year ago and $37.8 billion in the previous month driven by higher demand for gold and consumer goods during the festival season.

Gold imports rose more than fourfold to $3.75 billion from $0.68 billion a year ago and $2.04 billion a month ago, prompting the government to consider re-imposing the curbs on gold imports which it had previously lifted partially in May. Even without such measures, gold imports should revert back to normal from November once the festival season has ended. Oil imports surprisingly rose by 9.7% to $14.5 billion in September from $12.8 billion in August, despite the fall in global oil prices, although this one-off increase is expected to moderate in October. The sharp correction in commodity prices is positive for India, which imports three-quarters of its oil requirements.

In order to boost trade, a new foreign trade policy for 2014-19 is being prepared by the commerce department

Car Sales



— Domestic Car Sales Growth Y/Y %

Source: Society of Indian Automobile Manufacturers

and is expected to be ready soon, which is aimed at increasing exports.

Foreign reserves fall

India's foreign exchange reserves fell by $2.75 billion to $311.43 billion in the week to October 3. According to the RBI's weekly statistical supplement, foreign currency assets, the biggest component of the forex reserves, fell by $1.8 billion to $285.59 billion. The value of India's gold reserves dropped by $0.92 billion to $20.01 billion in the week ending October 3.

There has been some pressure on the Indian rupee as the US dollar has strengthened given raised expectations of an early interest rate hike in the US. However, the RBI has been building a sufficient level of reserves to help curb volatility in the foreign exchange market and the RBI governor is confident that the country is less vulnerable to another run on the currency. Since the beginning of this year, the rupee has gained 0.8%, while foreign institutional investors have bought $13.40 billion during the period from local equity markets.

Car sales fall in September

Car sales in India contracted for the first time in five months in September, declining by 1% on the year following growth of 15.2% in August. The reason for the decline in car sales was possibly due to consumers postponing car purchases until the festival season in October leaving car dealers with high inventories. In the April-September period, car sales grew by 4.1% to 890,755 units compared with 855,757 units in the same period a year ago. In spite of the decline, dealerships have reported that their showrooms are busier as heavy discounting and attractive offers provided by car manufacturers attract price sensitive buyers.

While car sales remained muted, sales of commercial vehicles grew by 8.6% on the year in September, the first time since April 2013. In two-wheelers, demand for scooters remained strong with sales up by 38% on the year to 438,470 units in September against 317,750 units in the same month last year while sales for motorcycles were up 19.3% to 1,056,509 units against 885,309 units in August.

Confidence among service sector companies was boosted...

...as the festival season attracted higher spending in areas including real estate, entertainment, retail and investment.

Indicators

Business confidence eased slightly in October after hitting a record high in the previous month, while expectations about the overall business environment in the next three months also remained elevated.

MNI India Business Indicator
Eases Slightly

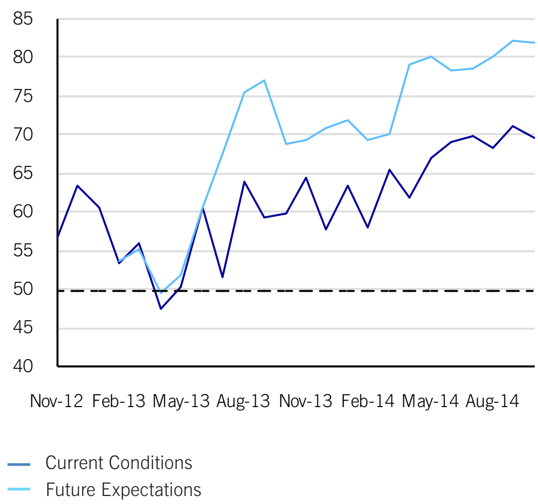
Business confidence eased in October after hitting a record high in the previous month, although it was still 16.6% above the level seen a year ago and expectations about the overall business environment in the next three months also remained elevated.

The MNI India Business Indicator declined by 1.5 points to 69.7 in October from 71.2 in September. Business confidence eased slightly among manufacturing companies while sentiment was markedly lower in the construction sector compared with the previous month. In contrast, confidence among service sector companies was boosted as the festival season attracted higher spending in areas including real estate, entertainment, retail and investment.

The three month trend in sentiment was the highest on record in September but plateaued in October. There were concerns among companies about the slow pace of reforms by the government to reinvigorate the business environment and the fragility of the global economic recovery. However, after our survey period closed, the government introduced deregulation of diesel prices, a crucial beginning of reforms, which may heighten business confidence in the coming months.

The first GDP figures released since the election of Modi's pro-business BJP revealed that the economy expanded at the quickest rate in two years. The economy grew by 5.7% on the year in the three months to June, up from 4.6% in the previous quarter and was significantly above the 4.4% recorded in the same period a year earlier, which at the time was the worst growth in four years. The trend in the MNI India Business Sentiment Indicator over the past year has been matched by official GDP data suggesting that the Indian economy would have grown at a slower rate in the September quarter in comparison to the June quarter.

MNI India Business Indicator



"Overall business conditions are weaker than the previous month as government approvals are pending." Iron and steel manufacturing company

"Business conditions are not that good, new orders are not coming." Mobile telecommunications company

"Overall business conditions are better as we have reduced unnecessary expenses." Electricity manufacturing company

"It is the peak season for business due to festivals like Navratri and Diwali." Containers and packaging company

MNI India Business Indicator

	Oct-13	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14
Current Conditions	59.8	67.0	69.2	70.0	68.4	71.2	69.7

The majority of our panellists see the “Modi boost” continuing, with Future Expectations for business conditions remaining broadly stable at 82.0 compared with last month’s record high of 82.4. Construction companies’ expectations eased slightly from the previous month but still remained the most optimistic among the three sectors.

While overall business confidence eased slightly this month, some of the key indicators in the report showed modest improvements. Notably, the Production Indicator rose for the third consecutive month to the highest in over a year, while New Orders were boosted by the festival season. Companies continued to face disinflationary pressures, but a higher proportion of companies reported that the exchange rate was negatively impacting their operations in October.

In October, nine out of the 15 current conditions indicators included in the survey declined, although all but one were above the 50 threshold that separates expansion from contraction, while eight of the future expectations indicators rose this month.

Sectors - Overall Business Conditions

	Manufacturing	Services	Construction
Current Conditions	↓ > 50	↑ > 50	↓ > 50
Future Expectations	↓ > 50	↑ > 50	↓ > 50

“We don’t expect much change in business environment.” Heavy construction company

“The third and fourth quarters are usually good for our company as winters approach.” Coffee beans company

“The rainy season is over so market conditions for construction business have improved.” Diversified industrials company

“Unless the government comes out with a strong policy, we don’t expect business conditions to improve as overall export market is quite weak.” Clothing & accessories manufacturing company

“The monsoon season is over and the government is taking steps to improve economy, however it will take time.” Iron & steel manufacturing company

MNI India Business Indicator

	Oct-13	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14
Future Expectations	68.8	80.3	78.5	78.6	80.3	82.4	82.0

Orders
Boosted by Domestic Demand

In contrast to weaker overall sentiment, both domestic orders and backlogs rose in October, reflecting increased demand in the festival season.

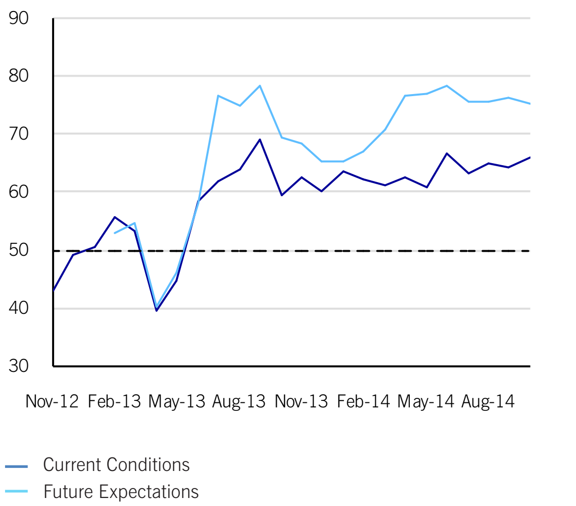
The New Orders Indicator increased to 66.2 in October from 64.3 in September led by the manufacturing sector. Even though overall business sentiment has risen sharply this year, owing to the "Modi boost", the demand for goods and services has been disappointingly much more subdued.

Fewer companies expected higher demand in the coming three months as the seasonal boost wanes with the Expectations Indicator falling slightly to 75.3 from 76.4 in September, the lowest since March. Expectations about higher New Orders remained elevated across all sectors with construction companies in particular reporting a sharp improvement in sentiment as they possibly expected greater infrastructure investment.

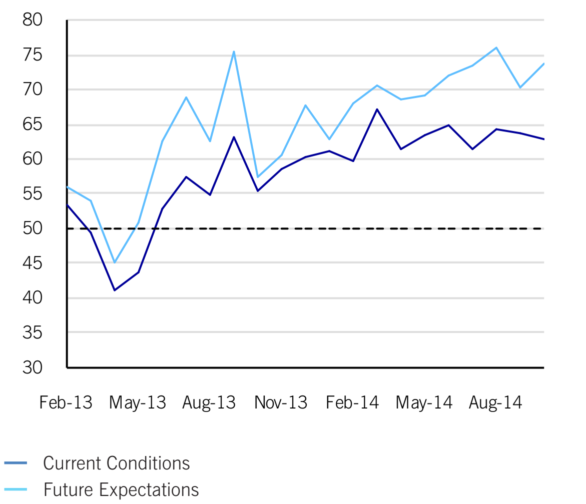
Overseas demand for Indian goods and services has been steadily rising although this trend has levelled off somewhat in recent months. Export Orders slipped to 63.0 in October from 63.8 in September, although it was still significantly above the series average of 54.8, pointing to continued strength in India's exports which is mirrored in the official trade statistics. The latest data revealed that Indian exports rose by 2.7% on the year in September, up from growth of 2.4% in August.

Having slipped slightly in September, expectations for export orders in the coming three months rose, with the Future Expectations indicator rising to 73.9 compared with 70.5 in the previous month.

New Orders



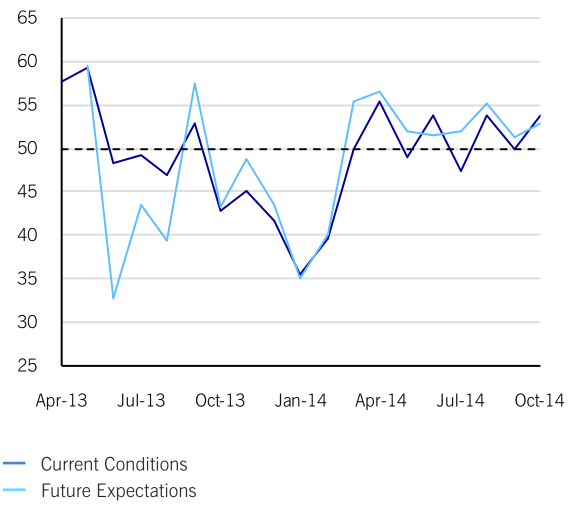
Export Orders



Orders - Current Conditions

	Oct-13	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14
New Orders	59.5	60.9	66.7	63.4	65.3	64.3	66.2
Export Orders	55.6	63.5	65.0	61.7	64.3	63.8	63.0
Order Backlogs	42.9	49.0	53.9	47.4	54.0	50.0	53.8

Order Backlogs



Sectors - Current Conditions

	New Orders	Export Orders	Order Backlogs
Manufacturing	↑ > 50	↑ > 50	↑ > 50
Services	↑ > 50	↓ > 50	↑ > 50
Construction	↑ > 50	↓ > 50	↑ > 50

Sectors - Future Expectations

	New Orders	Export Orders	Order Backlogs
Manufacturing	↓ > 50	↑ > 50	↑ > 50
Services	↓ > 50	↑ > 50	↓ > 50
Construction	↑ > 50	↑ > 50	↑ > 50

"There are enquiries for new orders." Investment services company

"Due to festival season, orders are very high." Apparel retailing company

"In general ordering activity has picked up." Electrical components & equipment manufacturing company

"There is an increase in demand for our products in foreign countries." Diversified industrials company

Faced with higher new orders due to increased demand during the festival season, companies' backlogs rose significantly in October. The Order Backlogs Indicator rose by 7.6% to 53.8 from 50.0 in the previous month. Companies were optimistic about demand for their goods and services in the coming three months even after the end of festivities which they anticipate would result in higher backlogs. The Future Expectations indicator rose to 52.9 from 51.5 in September.

Orders - Future Expectations

	Oct-13	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14
New Orders	69.5	77.0	78.6	75.7	75.6	76.4	75.3
Export Orders	57.7	69.4	72.0	73.6	76.1	70.5	73.9
Order Backlogs	43.4	52.1	51.7	52.0	55.2	51.5	52.9

Output and Employment
Production Highest Since September 2013

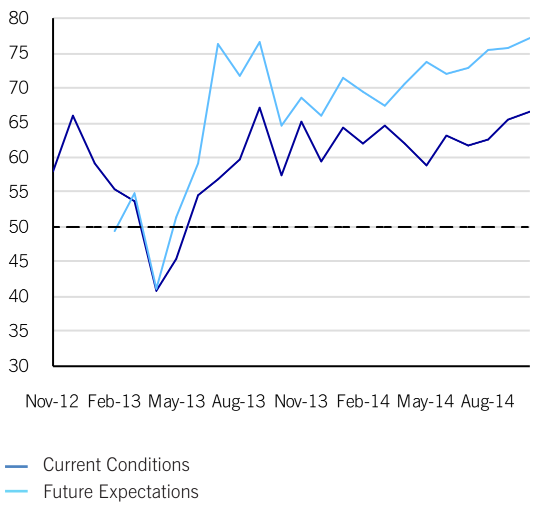
Following the rise in New Orders, the Production Indicator increased to the highest level since September 2013. At least part of this strength reflects a seasonal pattern, with companies typically raising their output at this time of the year in anticipation of heightened demand during the festival season.

The Production Indicator rose for the third month in a row to 66.7 in October from 65.7 in September. A greater proportion of companies in the service and manufacturing sector reported that they expanded their production in October in contrast to construction companies.

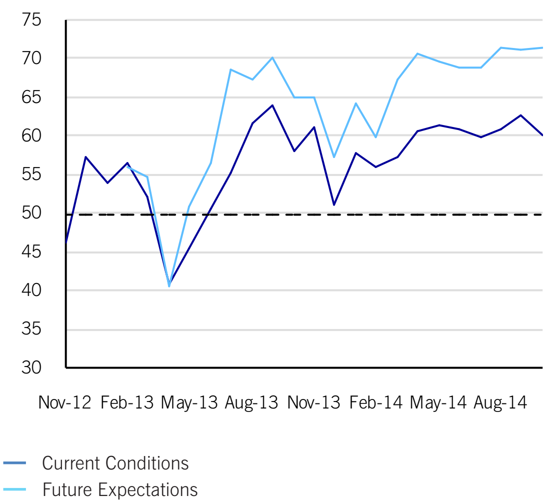
Companies' expectations about production in the coming three months were also higher, with the Future Expectations indicator hitting a record high of 77.3 from 75.8 in the previous month. A gradual rise in the Production Indicator hints at a tentative pick-up in overall industrial production, the focus of the incumbent government that wants to transform the economy into a manufacturing hub. Official data has showed that industrial production, which had started rising since April, suffered a sudden slowdown and stood at just 0.4% on the year in August for the second consecutive month.

In order to meet heightened demand during the festival season, a growing proportion of companies reported that they had expanded their productive capacity over the past few months, although in October the Productive Capacity Indicator declined to 60.1 from September's 62.8, the lowest since July. Around 45% of companies expected to increase their capacity in the coming three months with the Future Expectations Indicator remaining

Production



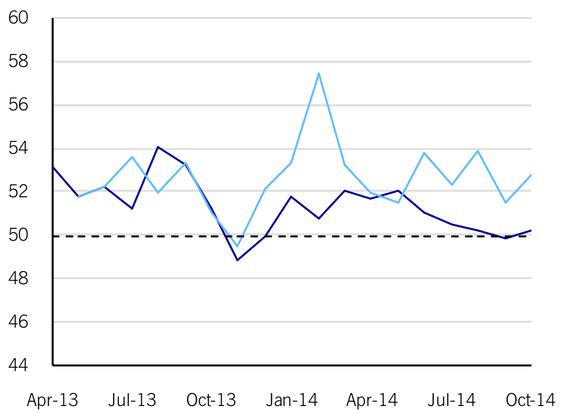
Productive Capacity



Output and Employment - Current Conditions

	Oct-13	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14
Production	57.5	59.0	63.2	61.8	62.7	65.7	66.7
Productive Capacity	58.1	61.5	60.9	59.9	60.9	62.8	60.1
Employment	51.3	52.1	51.1	50.5	50.3	49.9	50.3

Employment



Sectors - Current Conditions

	Production	Productive Capacity	Employment
Manufacturing	↑ > 50	↓ > 50	↓ < 50
Services	↑ > 50	↓ > 50	↑ > 50
Construction	↓ > 50	↓ > 50	↑ = 50

Sectors - Future Expectations

	Production	Productive Capacity	Employment
Manufacturing	↑ > 50	↑ > 50	↑ > 50
Services	↑ > 50	↓ > 50	↑ > 50
Construction	↓ > 50	↑ > 50	↑ > 50

> "We are hiring as business activity is stronger." Software & computer services company

broadly unchanged at 71.4 compared with 71.3 in the previous month.

In spite of the pick-up in overall business sentiment this year, labour market sentiment has been subdued. The Employment Indicator, which measures whether companies have an adequate number of employees, rose very slightly to 50.3 in October after declining to a 10-month low of 49.9 in September. While many other key activity series in the survey have risen or at least remained stable in recent months, the Employment Indicator has trended downwards. Companies in the construction and service sector were more optimistic about employment in October, after the Employment Indicator slipped below the 50 level that separates expansion from contraction.

Nevertheless, a slightly higher proportion of companies expected to hire more staff in the coming three months pushing the Future Expectations indicator up to 52.8 in October compared with 51.5 in the previous month. A number of companies that expected to add employees reported that it was mainly due to attrition and therefore would need to maintain their workforce rather than to expand for higher production in the future.

Output and Employment - Future Expectations

	Oct-13	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14
Production	64.8	73.9	72.1	72.9	75.5	75.8	77.3
Productive Capacity	65.1	69.6	68.9	68.9	71.4	71.3	71.4
Employment	51.1	51.5	53.8	52.4	53.9	51.5	52.8

Prices
Rupee Hurts Businesses

The disinflationary trend since the start of the year continued in October but an increasing number of companies reported that the exchange rate was hurting rather than helping business.

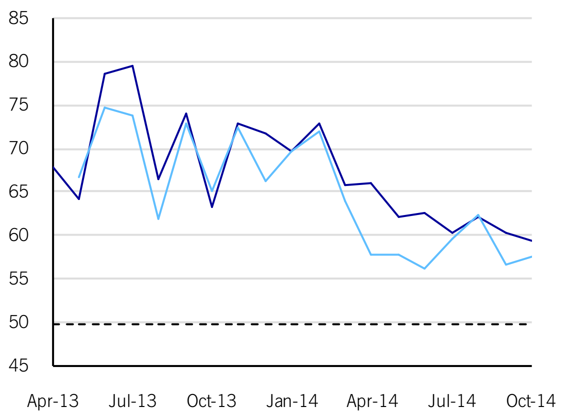
More companies, especially in the construction sector, paid lower prices for their inputs in October but a growing proportion of companies expected prices to stay stable in the next three months rather than fall as expected in previous months.

The Input Prices Indicator fell to 59.4 in October from 60.4 in September, the lowest in the series' history. Since the start of the year, companies in our panel have expected prices to ease over the coming months but this has stabilised somewhat as seen in the three months average of the future Input Prices Indicator. Expectations for Input Prices in three months' time increased to 57.6 in October from 56.7 in September, although were still almost 12% below the level seen a year ago.

An increasing number of companies charged lower prices in October, with the Prices Received Indicator easing to 52.6 from 53.6 in September, the lowest since March. The pace of descent in the prices charged by companies has, however, been much slower than the easing in input prices among companies in our panel.

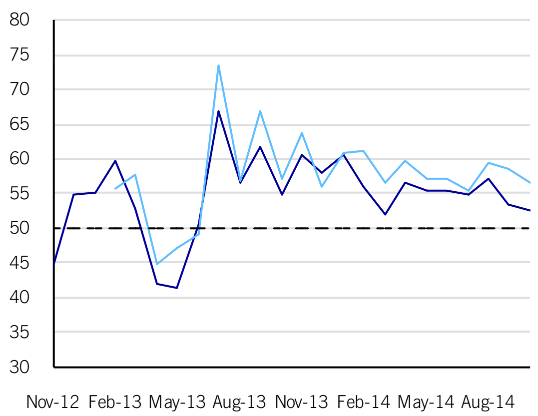
Expectations for Prices Received in three months' time fell more sharply than current prices, with the indicator falling to 56.6 from 58.6 in September. A greater proportion of manufacturing and service sector companies expected prices to fall in the coming three months, in contrast to construction sector companies.

Input Prices



Current Conditions
Future Expectations

Prices Received

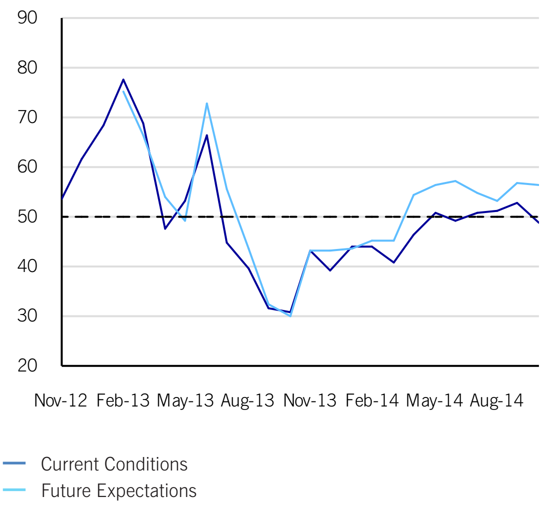


Current Conditions
Future Expectations

Prices - Current Conditions

	Oct-13	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14
Input Prices	63.3	62.2	62.6	60.4	62.2	60.4	59.4
Prices Received	54.9	55.6	55.6	54.9	57.3	53.6	52.6
Exchange Rate	30.9	50.8	49.4	51.1	51.2	53.0	48.8

Effect of Rupee Exchange Rate



Sectors - Current Conditions

	Input Prices	Prices Received	Effect of Rupee Exchange Rate
Manufacturing	↓ > 50	↓ > 50	↓ < 50
Services	↓ > 50	↑ > 50	↑ > 50
Construction	↓ > 50	↑ > 50	↓ < 50

Sectors - Future Expectations

	Input Prices	Prices Received	Effect of Rupee Exchange Rate
Manufacturing	↑ > 50	↓ > 50	↓ > 50
Services	↑ > 50	↓ > 50	↑ > 50
Construction	↑ > 50	↑ > 50	↓ > 50

The trend in the Prices Received Indicator over the past year has been closely matched by official inflation data, with wholesale price inflation recently declining to a five year low of 2.4% in September from 3.7% in August.

After three consecutive months of firms believing that the exchange rate was to their advantage, our panel reported that it has started to hurt again. Lately, a number of emerging market currencies have weakened as there were concerns over recovery of Europe, slowdown in China, fall in oil prices and the fear of a spread of Ebola. The Indian Rupee, however has only witnessed a marginal fall as the RBI's hawkish stance to meet its inflation target has provided confidence to investors, while the pro-business government has reinforced hopes of an economic revival.

The exchange rate movement is captured well by the Effect of the Rupee Exchange Rate Indicator which took a severe hit in the second half of 2013 during the sell-off in emerging market currencies but has subsequently recuperated alongside the currency. The slight depreciation in the Indian rupee has made foreign denominated loans more expensive for companies, signified by a fall of almost 8% in the Effect of the Rupee Exchange Rate Indicator to 48.8 from 53.0 in September.

More companies expected the rupee to help in the coming three months and the Expectations Indicator remained broadly stable at 56.5 in October compared with 56.8 in September. In particular, a higher proportion of service companies were more optimistic.

Prices - Future Expectations

	Oct-13	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14
Input Prices	65.3	57.8	56.2	59.8	62.4	56.7	57.6
Prices Received	57.3	57.4	57.2	55.5	59.6	58.6	56.6
Exchange Rate	30.1	56.4	57.5	55.1	53.3	56.8	56.5

Money and Credit
Financial Position Lowest Since March

Weakened financial positions coupled with the elevated cost and reduced availability of credit weighed against overall business confidence among our panel of companies in October.

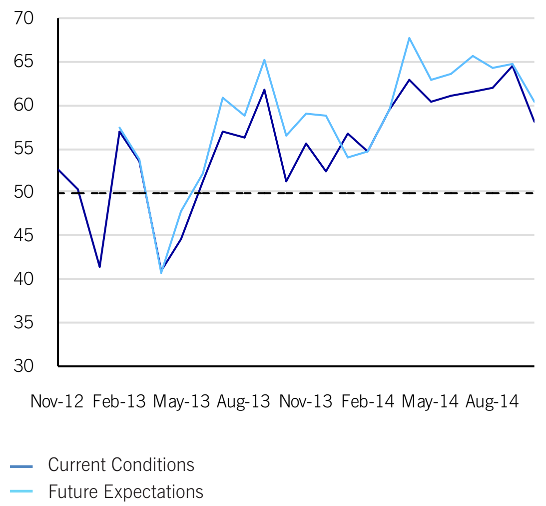
The Availability of Credit Indicator fell sharply to 58.3 after hitting a record high of 64.6 in September. In spite of a fall of almost 10% this month, sentiment was 7 points above the level recorded a year ago in line with the upward trend in credit availability seen since the summer of 2013. The recent improvement owes much to the cut in the statutory liquidity ratio (SLR), the mandatory amount of bonds lenders must keep with the central bank. The SLR has been cut by 50 basis points twice since June to 22% of deposits to boost liquidity, which has resulted in lower interbank rates.

Availability of credit reduced across all three sectors and companies did not expect an improvement over the coming three months either, with the Future Expectations Indicator falling to 60.6 in October compared with 64.8 in the previous month.

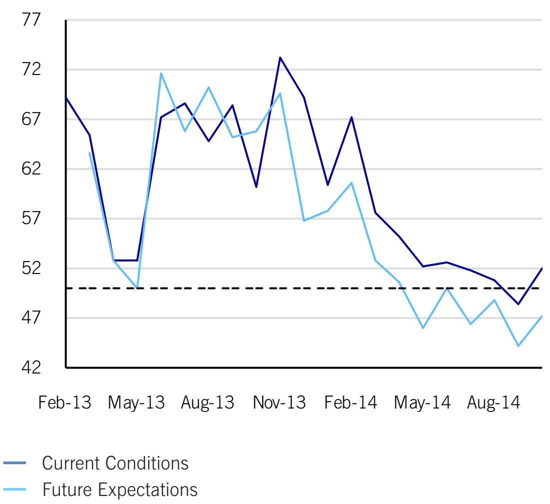
More companies reported that the interest costs faced by them remained the same rather than fell as seen in the previous month. This led to a rise in the Interest Rates Paid Indicator to 52.0 in October, more than offsetting September's decline to 48.5, the first time the indicator has slipped below 50 since the start of the survey.

Expectations for Interest Rates Paid have also trended down since November after remaining elevated throughout most of 2013. Companies in our panel expected interest rates to fall, but the proportion was

Availability of Credit



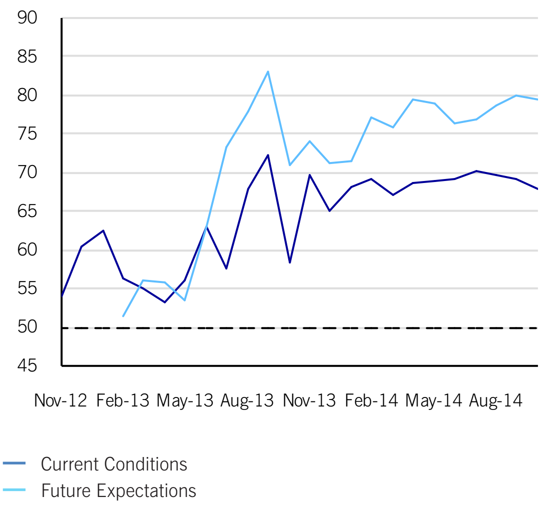
Interest Rates Paid



Money and Credit - Current Conditions

	Oct-13	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14
Availability of Credit	51.3	60.4	61.1	61.7	62.1	64.6	58.3
Interest Rates Paid	60.3	52.3	52.7	51.8	50.8	48.5	52.0
Financial Position	58.6	69.1	69.3	70.3	69.8	69.2	68.0

Financial Position



Sectors - Current Conditions

	Availability of Credit	Interest Rates Paid	Financial Position
Manufacturing	↓ > 50	↑ > 50	↓ > 50
Services	↓ > 50	↑ = 50	↑ > 50
Construction	↓ > 50	↑ > 50	↓ > 50

Sectors - Future Expectations

	Availability of Credit	Interest Rates Paid	Financial Position
Manufacturing	↓ > 50	↑ < 50	↓ > 50
Services	↑ > 50	↑ = 50	↓ > 50
Construction	↓ > 50	↑ < 50	↑ > 50

down compared with the previous month with the Expectations Indicator rising by 7% but remaining below the 50 threshold level at 47.3 compared with 44.2 in September.

Even though business confidence has risen sharply since the start of the year, companies' Financial Position has remained broadly stable and in October it declined to the lowest since March to 68.0 compared with 69.2 in September.

The S&P BSE Sensex, a stock market index of 30 well-established and financially sound companies listed on the Bombay Stock Exchange, which are representative of the Indian economy's industrial sectors, had been on a record breaking run over the last few months amid strong expectations that the new government would improve business conditions. However, it has plunged recently over concerns about the fragility of the global economic recovery.

The majority of companies were bullish about their future Financial Position with the indicator remaining broadly stable at 79.5 in October compared with 80.2 in the previous month. Construction companies outshone other sectors for the second consecutive month in both current and future expectations.

Money and Credit - Future Expectations

	Oct-13	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14
Availability of Credit	56.6	63.0	63.7	65.8	64.5	64.8	60.6
Interest Rates Paid	65.9	46.1	50.0	46.4	48.9	44.2	47.3
Financial Position	71.1	79.0	76.5	76.9	78.8	80.2	79.5

Logistics
Inventories Lowest Since May

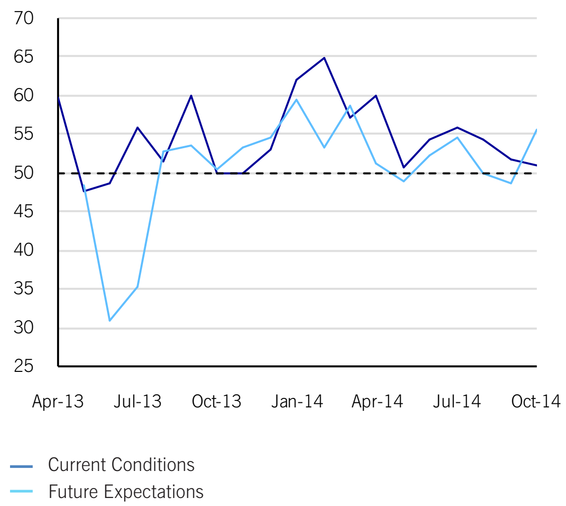
An increasing number of companies reported that they were running down their stock levels, while suppliers also took longer to deliver orders during this busy month in the festival season.

The Indicator for the Inventory level of Finished Goods declined for the third month in a row to 51.2 in October from 51.8 in September. Companies usually build up stocks at the beginning of the financial year in April and then allow them to deplete as demand builds up for the festivities. A greater demand for manufactured goods has led to a gradual reduction in the Inventories of Finished Goods in the last three months.

In the previous month, the Expectations Indicator contracted for the first time in four months to 48.8 as companies expected festival appetite to eat up stocks, while in October many companies consciously planned to raise their stocks for the next three months to meet higher demand. The Expectations Indicator jumped by almost 14% to 55.6 to satisfy the expected turnaround in demand as the general outlook of the economy improves.

Suppliers of key inputs reported that delivery times were longer in October, with the Supplier Delivery Times Indicator rising by 5.6% to 53.0 compared with 50.2 in September. Delivery times at manufacturing companies expanded in October, while construction companies, which were the most optimistic about overall business conditions in the next three months, reported that they expected a lengthening in their suppliers' delivery times in the coming three months.

Inventories



"Due to too much demand for products, inventories have gone down." A forestry company

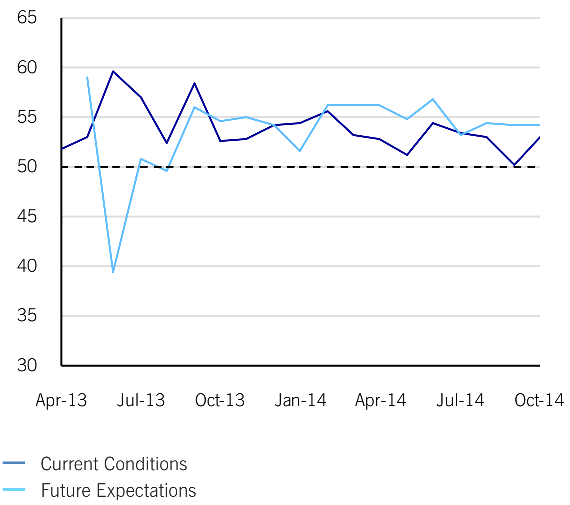
"We have stopped production and are selling out of our stocks to meet demand." Commodity chemicals manufacturing company

"Supplier delivery times have increased as we need more raw materials to meet higher demand." Containers & packaging company

Logistics - Current Conditions

	Oct-13	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14
Inventories	50.0	50.9	54.5	55.9	54.5	51.8	51.2
Supplier Deliveries	52.7	51.2	54.5	53.5	53.1	50.2	53.0

Supplier Delivery Times



Sectors - Current Conditions

	Inventories of Finished Goods	Supplier Delivery Times
Manufacturing	↓ > 50	↑ > 50
Construction	↑ = 50	↓ > 50

Sectors - Future Expectations

	Inventories of Finished Goods	Supplier Delivery Times
Manufacturing	↑ > 50	↓ > 50
Construction	↑ > 50	↑ > 50

"We have raised inventories for future use." Commodity chemicals manufacturing company

"Since we anticipate greater demand, we have raised our stock levels." Electrical components & equipment company

"We want to maintain a sufficient backup to meet future orders." Diversified industrials manufacturing company

Logistics - Future Expectations

	Oct-13	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14
Inventories	50.7	49.0	52.5	54.8	50.0	48.8	55.6
Supplier Deliveries	54.6	54.9	56.8	53.3	54.5	54.3	54.3

What the Panel Said

A selection of comments from the panel of businesses surveyed over the past month.

“Overall business conditions are weaker than the previous month as government approvals are pending.” **Iron and steel manufacturing company**

“Business conditions are not that good, new orders are not coming.” **Mobile telecommunications company**

“To meet festival demand, we have raised our production and expect higher activity in the coming months as winter season approaches.” **Apparel retailing company**

“Overall business conditions are better as we have reduced unnecessary expenses.” **Electricity manufacturing company**

“It is the peak season for business due to festivals like Navratri and Diwali.” **Containers and packaging company**

“Our working capital is declining due to worse production and sales.” **Commodity chemicals manufacturing company**

“Financial position is weak due to a slowdown in business.” **Surface transportation company**

“The third and fourth quarters are usually good for our company as winters approach.” **Coffee beans company**

“Banks are increasing their rates.” **Iron and steel manufacturing company**

“Cement consumption has increased so we have raised production.” **Diversified industrials company**

“In general ordering activity has picked up.” **Electrical components & equipment manufacturing company**

“As demand has picked up, we have raised production.” **Apparel retailing company**

“We have stopped production and are selling out of our stocks to meet demand.” **Commodity chemicals manufacturing company**

“Supplier delivery times have increased as we need more raw materials to meet higher demand.” **Containers & packaging company**

“Due to negative fluctuation in exchange rates, our finances are poorer.” **Hotels group**

“The rainy season is over so market condition for construction business has improved.” **Diversified industrials company**

“The exchange rate is hurting as we import products from China, Spain and Italy.” **Furnishings manufacturing company**

“Some people have resigned so we are hiring.” **Automobiles manufacturing company**

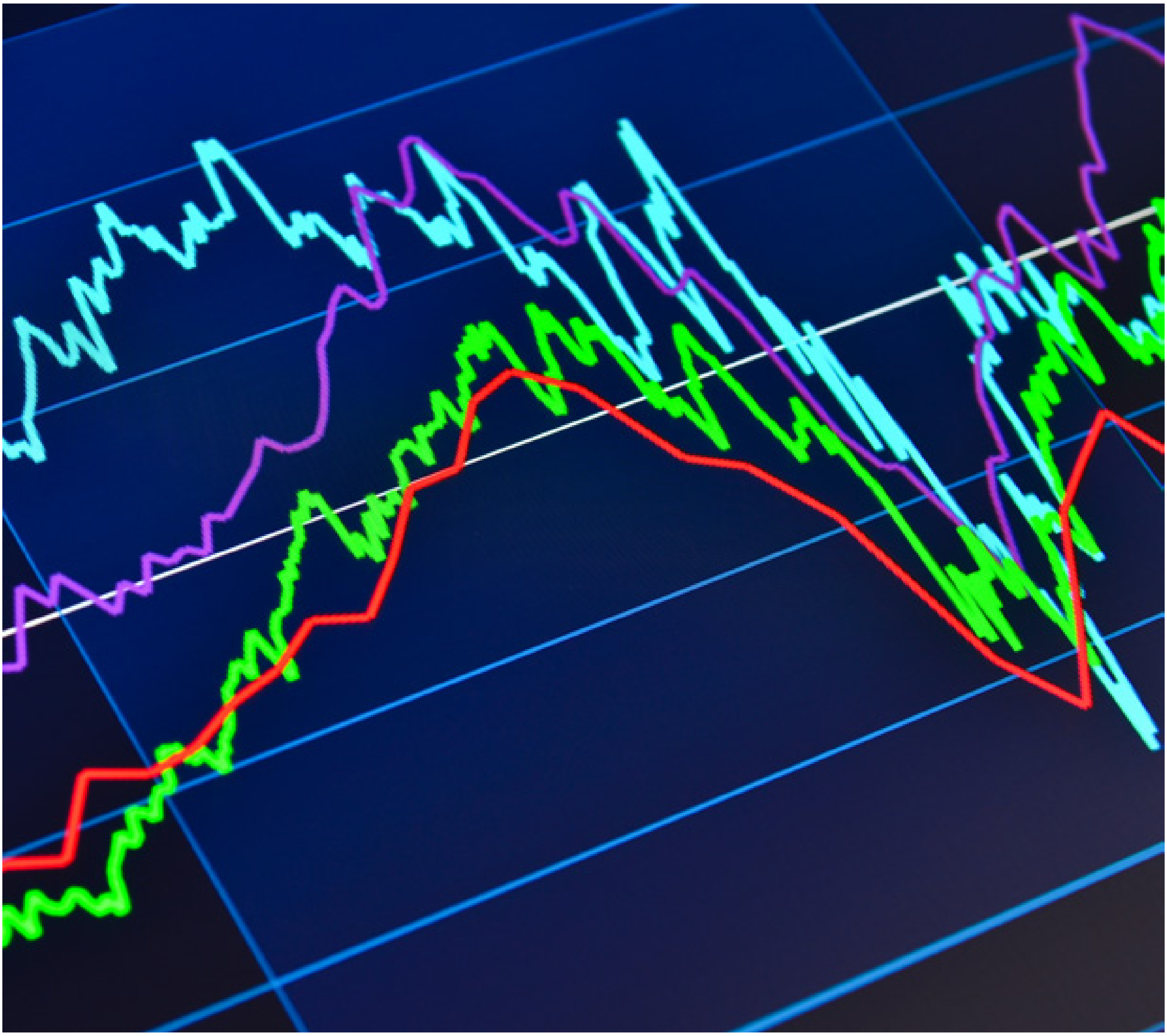
“We are hiring as business activity is stronger.” **Software & computer services company**

“Dollar has strengthened so our position is weaker.” **Commodity chemicals manufacturing company**

“There are enquiries for new orders.” **Investment services company**

“Due to festival season, orders are very high.” **Apparel retailing company**

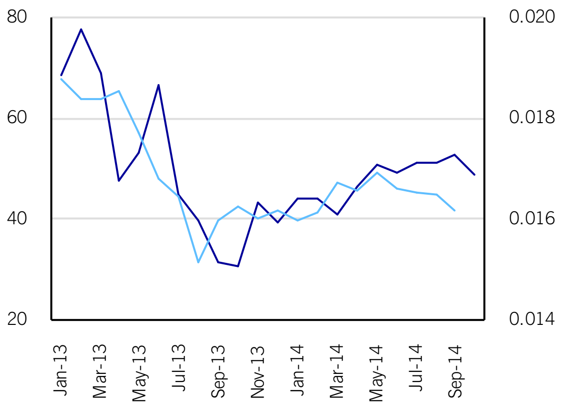
“In general ordering activity has picked up.” **Electrical components & equipment manufacturing company**



Correlation Charts

Our indicators closely track official Indian economic data.

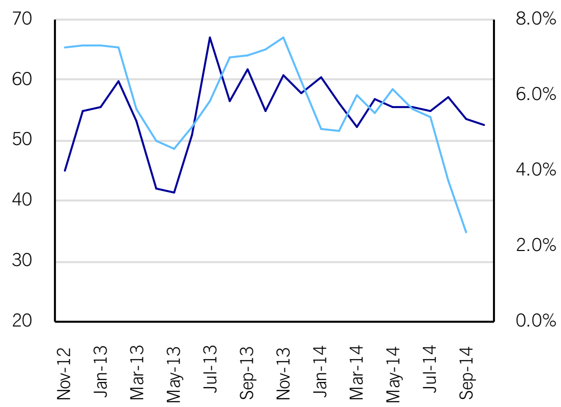
Exchange Rate



— MNI Effect of Rupee Exchange Rate
— US Dollar versus Indian Rupee (RHS)*

Source: *Reuters

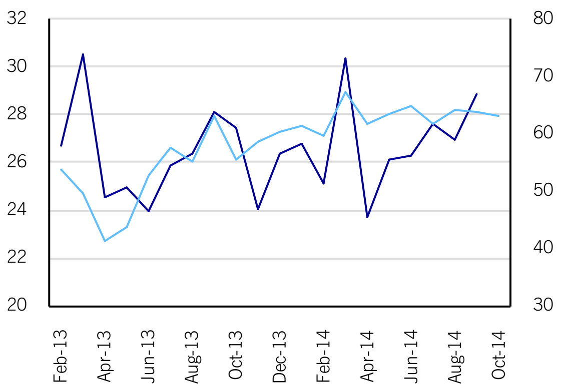
Inflation



— MNI Prices Received
— Wholesale Price Inflation Y/Y % (RHS)*

Source: *Office of the Economic Advisor, India

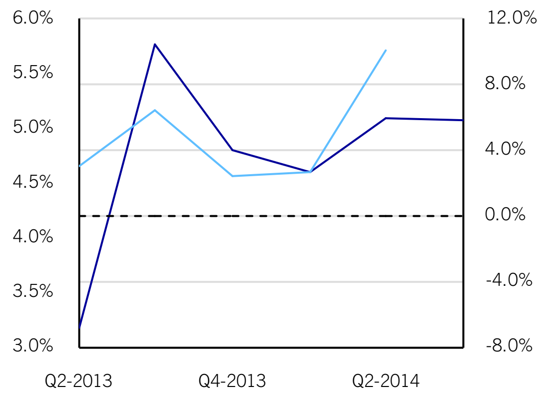
Export Orders



— MNI Export Orders (RHS)
— Exports, FOB, USD Bn*

Source: *Indian Ministry of Commerce and Industry

GDP



— MNI Business Sentiment Indicator Q/Q % (RHS)
— GDP Y/Y %*

Source: *Central Statistical Organisation, India

Data tables

Historical Summary

	2013			2014									
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
MNI India Business Indicator													
Current Conditions	59.8	64.6	57.8	63.4	58.2	65.5	61.9	67.0	69.2	70.0	68.4	71.2	69.7
Future Expectations	68.8	69.5	71.1	72.0	69.5	70.1	79.1	80.3	78.5	78.6	80.3	82.4	82.0
Production													
Current Conditions	57.5	65.3	59.7	64.4	62.0	64.8	62.0	59.0	63.2	61.8	62.7	65.7	66.7
Future Expectations	64.8	68.8	66.2	71.6	69.7	67.7	70.6	73.9	72.1	72.9	75.5	75.8	77.3
New Orders													
Current Conditions	59.5	62.9	60.3	63.6	62.3	61.5	62.9	60.9	66.7	63.4	65.3	64.3	66.2
Future Expectations	69.5	68.5	65.4	65.5	67.2	70.9	76.9	77.0	78.6	75.7	75.6	76.4	75.3
Export Orders													
Current Conditions	55.6	58.8	60.5	61.4	59.8	67.4	61.7	63.5	65.0	61.7	64.3	63.8	63.0
Future Expectations	57.7	60.8	67.9	62.9	68.2	70.6	68.8	69.4	72.0	73.6	76.1	70.5	73.9
Productive Capacity													
Current Conditions	58.1	61.3	51.3	58.0	56.1	57.4	60.7	61.5	60.9	59.9	60.9	62.8	60.1
Future Expectations	65.1	65.2	57.5	64.3	60.0	67.5	70.7	69.6	68.9	68.9	71.4	71.3	71.4
Order Backlogs													
Current Conditions	42.9	45.3	41.7	35.6	39.8	50.0	55.4	49.0	53.9	47.4	54.0	50.0	53.8
Future Expectations	43.4	48.8	43.7	35.2	40.1	55.4	56.7	52.1	51.7	52.0	55.2	51.5	52.9
Employment													
Current Conditions	51.3	48.9	50.0	51.8	50.8	52.1	51.7	52.1	51.1	50.5	50.3	49.9	50.3
Future Expectations	51.1	49.5	52.2	53.4	57.5	53.3	52.0	51.5	53.8	52.4	53.9	51.5	52.8
Inventories													
Current Conditions	50.0	50.0	53.1	62.1	64.9	57.2	60.0	50.9	54.5	55.9	54.5	51.8	51.2
Future Expectations	50.7	53.3	54.6	59.5	53.5	58.8	51.3	49.0	52.5	54.8	50.0	48.8	55.6
Input Prices													
Current Conditions	63.3	73.0	71.8	69.8	73.0	66.0	66.1	62.2	62.6	60.4	62.2	60.4	59.4
Future Expectations	65.3	72.5	66.4	69.9	72.0	64.0	58.0	57.8	56.2	59.8	62.4	56.7	57.6
Prices Received													
Current Conditions	54.9	60.8	58.0	60.6	56.2	52.2	56.8	55.6	55.6	54.9	57.3	53.6	52.6
Future Expectations	57.3	63.8	56.0	60.9	61.2	56.6	59.8	57.4	57.2	55.5	59.6	58.6	56.6
Financial Position													
Current Conditions	58.6	69.9	65.2	68.2	69.3	67.2	68.9	69.1	69.3	70.3	69.8	69.2	68.0
Future Expectations	71.1	74.2	71.3	71.5	77.2	76.1	79.6	79.0	76.5	76.9	78.8	80.2	79.5
Interest Rates Paid													
Current Conditions	60.3	73.2	69.2	60.5	67.3	57.6	55.3	52.3	52.7	51.8	50.8	48.5	52.0
Future Expectations	65.9	69.6	56.8	57.9	60.7	52.8	50.7	46.1	50.0	46.4	48.9	44.2	47.3
Effect of Rupee Exchange Rate													
Current Conditions	30.9	43.4	39.4	44.3	44.2	40.8	46.4	50.8	49.4	51.1	51.2	53.0	48.8
Future Expectations	30.1	43.5	43.2	43.6	45.2	45.5	54.4	56.4	57.5	55.1	53.3	56.8	56.5
Supplier Delivery Times													
Current Conditions	52.7	52.9	54.2	54.4	55.6	53.2	52.9	51.2	54.5	53.5	53.1	50.2	53.0
Future Expectations	54.6	55.0	54.2	51.7	56.2	56.3	56.2	54.9	56.8	53.3	54.5	54.3	54.3
Availability of Credit													
Current Conditions	51.3	55.7	52.6	56.8	54.9	59.6	63.1	60.4	61.1	61.7	62.1	64.6	58.3
Future Expectations	56.6	59.2	58.8	54.1	54.8	59.5	67.8	63.0	63.7	65.8	64.5	64.8	60.6

Historical Records

	2012 - Current			
	Minimum	Maximum	Mean	Median
MNI India Business Indicator				
Current Conditions	47.5	71.2	61.3	61.3
Future Expectations	49.7	82.4	70.2	71.1
Production				
Current Conditions	41.0	67.3	59.7	60.9
Future Expectations	41.3	77.3	67.1	70.6
New Orders				
Current Conditions	39.7	69.1	58.8	61.7
Future Expectations	40.4	78.6	67.9	70.9
Export Orders				
Current Conditions	41.3	67.4	58.3	60.5
Future Expectations	45.2	76.1	65.2	68.2
Productive Capacity				
Current Conditions	41.0	64.0	56.4	57.7
Future Expectations	40.7	71.4	63.7	67.4
Order Backlogs				
Current Conditions	35.6	59.3	49.1	49.4
Future Expectations	32.8	59.6	48.4	51.6
Employment				
Current Conditions	48.9	54.1	51.4	51.3
Future Expectations	49.5	57.5	52.7	52.4
Inventories				
Current Conditions	47.8	64.9	54.8	54.5
Future Expectations	31.0	59.5	50.8	52.7
Input Prices				
Current Conditions	59.4	79.6	67.4	66.1
Future Expectations	56.2	74.9	65.0	64.7
Prices Received				
Current Conditions	41.5	67.1	54.9	55.5
Future Expectations	45.1	73.7	57.8	57.3
Financial Position				
Current Conditions	53.4	72.3	64.3	67.6
Future Expectations	51.6	83.3	71.8	76.1
Interest Rates Paid				
Current Conditions	48.5	73.2	60.0	60.3
Future Expectations	44.2	71.7	56.8	54.9
Effect of Rupee Exchange Rate				
Current Conditions	30.9	77.8	50.4	49.1
Future Expectations	30.1	75.5	52.0	54.2
Supplier Delivery Times				
Current Conditions	50.2	59.6	53.9	53.1
Future Expectations	39.5	59.0	53.7	54.6
Availability of Credit				
Current Conditions	41.1	64.6	55.4	56.6
Future Expectations	40.9	67.8	58.6	59.2

Historical Records - Quarterly

	Q3 13	Q4 13	Q1 14	Q2 14	Q3 14	Quarterly Change	Quarterly % Change
MNI India Business Indicator							
Current Conditions	58.4	60.7	62.4	66.0	69.9	3.9	5.9%
Future Expectations	73.4	69.8	70.5	79.3	80.4	1.1	1.4%
Production							
Current Conditions	61.4	60.8	63.7	61.4	63.4	2.0	3.3%
Future Expectations	75.0	66.6	69.7	72.2	74.7	2.5	3.5%
New Orders							
Current Conditions	65.0	60.9	62.5	63.5	64.3	0.8	1.3%
Future Expectations	76.8	67.8	67.9	77.5	75.9	-1.6	-2.1%
Export Orders							
Current Conditions	58.6	58.3	62.9	63.4	63.3	-0.1	-0.2%
Future Expectations	69.0	62.1	67.2	70.1	73.4	3.3	4.7%
Productive Capacity							
Current Conditions	60.4	56.9	57.2	61.0	61.2	0.2	0.3%
Future Expectations	68.8	62.6	63.9	69.7	70.5	0.8	1.1%
Order Backlogs							
Current Conditions	49.8	43.3	41.8	52.8	50.5	-2.3	-4.4%
Future Expectations	46.8	45.3	43.6	53.5	52.9	-0.6	-1.1%
Employment							
Current Conditions	52.9	50.1	51.6	51.6	50.2	-1.4	-2.7%
Future Expectations	53.0	50.9	54.7	52.4	52.6	0.2	0.4%
Inventories							
Current Conditions	55.9	51.0	61.4	55.1	54.1	-1.0	-1.8%
Future Expectations	47.4	52.9	57.3	50.9	51.2	0.3	0.6%
Input Prices							
Current Conditions	73.5	69.4	69.6	63.6	61.0	-2.6	-4.1%
Future Expectations	69.7	68.1	68.6	57.3	59.6	2.3	4.0%
Prices Received							
Current Conditions	61.8	57.9	56.3	56.0	55.3	-0.7	-1.3%
Future Expectations	65.9	59.0	59.6	58.1	57.9	-0.2	-0.3%
Financial Position							
Current Conditions	66.0	64.6	68.2	69.1	69.8	0.7	1.0%
Future Expectations	78.2	72.2	74.9	78.4	78.6	0.2	0.3%
Interest Rates Paid							
Current Conditions	67.3	67.6	61.8	53.4	50.4	-3.0	-5.6%
Future Expectations	67.1	64.1	57.1	48.9	46.5	-2.4	-4.9%
Effect of Rupee Exchange Rate							
Current Conditions	38.8	37.9	43.1	48.9	51.8	2.9	5.9%
Future Expectations	44.1	38.9	44.8	56.1	55.1	-1.0	-1.8%
Supplier Delivery Times							
Current Conditions	56.0	53.3	54.4	52.9	52.3	-0.6	-1.1%
Future Expectations	52.2	54.6	54.7	56.0	54.0	-2.0	-3.6%
Availability of Credit							
Current Conditions	58.4	53.2	57.1	61.5	62.8	1.3	2.1%
Future Expectations	61.7	58.2	56.1	64.8	65.0	0.2	0.3%

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