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# MNI India Business Report November 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 400 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](mailto:info@mni-indicators.com)

[www.mni-indicators.com](http://www.mni-indicators.com)

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# MNI India Business Report - November 2014

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# Modi-nising India

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While Modi has introduced a string of reforms, he has shied away from the hard hitting reforms that many had anticipated. Is that about to change?

While Modi has introduced a string of reforms, he has shied away from the hard hitting reforms that many had anticipated. Since being elected six months ago, the pro-business BJP government has lifted state controls on the price of diesel, announced plans to put state-owned coal mines up for sale, eased archaic labour laws and launched a worldwide 'Make in India' campaign aimed at transforming India into a manufacturing powerhouse.

Nevertheless, India's low economic growth in recent years has made businesses hungry for swift and significant reforms, with a growing proportion becoming impatient at what they perceive as slow progress by a government which had promised much in its election campaign. There is, however, increasing speculation that Prime Minister Narendra Modi will answer his critics during Parliament's winter session, which starts on November 24, by introducing bold measures at the top of many business' wish lists.

On the table are moves to introduce a nation-wide goods and services tax (GST), ease land acquisition rules, raise foreign investment limits in the insurance and pension sector, measures aimed at removing red tape and a separate labour law for small factories.

Out of these proposals, the implementation of a GST is probably the most crucial as it would dramatically alter India's cumbersome tax system by streamlining a multitude of central and local levies including excise and VAT into a single unified tax. In the past, the implementation of a GST has faced fierce political opposition from many of India's 29 state governments who fear that it could deprive them of their fiscal freedom.

Under the present taxation framework, the central government taxes the production of goods while states levy taxes on the consumption of goods. There is a separate levy for industries and rates vary from state-to-state, adding to the complexity, leaving businesses that operate across the whole of India with a large burden. The Modi government recommendation is that a uniform rate of GST ought to be applied nationwide on all goods and services with the exception of unprocessed food, education, health care and some public services.

Another significant bill is the raising of the cap on FDI for the investment starved insurance sector to 49% from the present level of 26% and to allow entry of foreign reinsurers. If implemented, it would bring credibility to the sector, make paying premiums through installments more flexible and speed up the time taken for claims to be settled.

The task of passing these proposals will not be easy, requiring cooperation from other political parties and states, but if successful in passing these bills, it will be a big step in modernising the India economy.

#### **Shaily Mittal**

Economist

MNI Indicators



# Executive Summary

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Business confidence eased for the second consecutive month to the lowest since August, although it was 6.7% above the level seen a year ago signifying that sentiment remains buoyant.

Business confidence eased for the second consecutive month to the lowest since August, although it was 6.7% above the level seen a year ago, signifying that sentiment remains buoyant. In November, business confidence eased across all sectors with service companies leading the decline in sentiment.

The MNI India Business Indicator declined by 1.1% to 68.9 in November from 69.7 in October, with demand falling as the festival season came to a close.

This month we specifically asked our panel about the impact of the Modi government's policies and 39% of respondents thought the new government's policies have had a positive impact on their business. A significant proportion highlighted the quicker implementation and clearance of business proposals by the government as the primary reason for the improvement. Nevertheless, 45.6% of our panel reported that their business had been unaffected by the government's policies while just under 2% thought that they have had a negative impact. In general, respondents felt positive and believed that the incumbent government was on the right track, taking the necessary steps to improve the economic climate.

In line with the easing in overall business confidence this month, there was a decline in some of the key indicators within the report. New Orders fell to 64.6 following the end of the festival season, which has boosted the indicator over the past few months and companies were less inclined to hire with the Employment Indicator falling to the 50 threshold. While the strengthening of the rupee looks to have caused Export Orders to decline to 61.6, our panel considered the exchange rate to be favourable to business overall with the indicator rising to 52.8 this month.

An increasing number of companies reported that they were running down their stock levels with the Inventories Indicator declining for the fourth consecutive month to 48.9 in November. Additionally, our panel did not plan on replenishing their inventories over the coming months with the Expectations Indicator falling by 8.5% to 50.9 in November.

On a positive note, the disinflationary trend since the start of the year continued in November with fewer companies paying higher prices for their inputs, as shown by the Input Prices Indicator which fell to a series low of 55.6 this month.

More companies reported that their financial position had improved with the indicator rising to a three month high of 69.4. While firms continued to report that there was greater Availability of Credit which rose to 59.5 in November.

In November, eight 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. Thirteen of the 15 future expectations indicators fell this month.

## Overview

	Sep-14	Oct-14	Nov-14	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
<b>MNI India Business Indicator</b>								
Current Conditions	71.2	69.7	68.9	-	Aug-14	69.9	-0.8	-1.1%
Future Expectations	82.4	82.0	74.6	-	Mar-14	79.7	-7.4	-9.0%
<b>Production</b>								
Current Conditions	65.7	66.7	67.3	Sep-13	-	66.6	0.6	0.9%
Future Expectations	75.8	77.3	71.9	-	Apr-14	75.0	-5.4	-7.0%
<b>New Orders</b>								
Current Conditions	64.3	66.2	64.6	-	Sep-14	65.0	-1.6	-2.4%
Future Expectations	76.4	75.3	72.4	-	Mar-14	74.7	-2.9	-3.9%
<b>Export Orders</b>								
Current Conditions	63.8	63.0	61.6	-	Feb-14	62.8	-1.4	-2.2%
Future Expectations	70.5	73.9	65.3	-	Jan-14	69.9	-8.6	-11.6%
<b>Productive Capacity</b>								
Current Conditions	62.8	60.1	61.8	Sep-14	-	61.6	1.7	2.8%
Future Expectations	71.3	71.4	66.3	-	Feb-14	69.7	-5.1	-7.1%
<b>Order Backlogs</b>								
Current Conditions	50.0	53.8	50.8	-	Sep-14	51.5	-3.0	-5.6%
Future Expectations	51.5	52.9	53.2	Aug-14	-	52.5	0.3	0.6%
<b>Employment</b>								
Current Conditions	49.9	50.3	50.0	-	Sep-14	50.1	-0.3	-0.6%
Future Expectations	51.5	52.8	52.3	-	Sep-14	52.2	-0.5	-0.9%
<b>Inventories</b>								
Current Conditions	51.8	51.2	48.9	-	May-13	50.6	-2.3	-4.5%
Future Expectations	48.8	55.6	50.9	-	Sep-14	51.8	-4.7	-8.5%
<b>Input Prices</b>								
Current Conditions	60.4	59.4	55.6	-	series low	58.5	-3.8	-6.4%
Future Expectations	56.7	57.6	50.9	-	series low	55.1	-6.7	-11.6%
<b>Prices Received</b>								
Current Conditions	53.6	52.6	54.3	Aug-14	-	53.5	1.7	3.2%
Future Expectations	58.6	56.6	54.1	-	Jun-13	56.4	-2.5	-4.4%
<b>Financial Position</b>								
Current Conditions	69.2	68.0	69.4	Aug-14	-	68.9	1.4	2.1%
Future Expectations	80.2	79.5	75.6	-	Jan-14	78.4	-3.9	-4.9%
<b>Interest Rates Paid</b>								
Current Conditions	48.5	52.0	50.0	-	Sep-14	50.2	-2.0	-3.8%
Future Expectations	44.2	47.3	43.2	-	series low	44.9	-4.1	-8.7%
<b>Effect of Rupee Exchange Rate</b>								
Current Conditions	53.0	48.8	52.8	Sep-14	-	51.5	4.0	8.2%
Future Expectations	56.8	56.5	54.7	-	Aug-14	56.0	-1.8	-3.2%
<b>Supplier Delivery Times</b>								
Current Conditions	50.2	53.0	53.2	Jul-14	-	52.1	0.2	0.4%
Future Expectations	54.3	54.3	55.1	Jun-14	-	54.6	0.8	1.5%
<b>Availability of Credit</b>								
Current Conditions	64.6	58.3	59.5	Sep-14	-	60.8	1.2	2.1%
Future Expectations	64.8	60.6	60.4	-	Mar-14	61.9	-0.2	-0.3%

# Consumer price inflation fell to a historic low of 5.5% in October...

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...marking the fifth consecutive month it has been below the RBI's inflation target of 8% by January 2015 and the first time it has been below the January 2016 target of 6%.



# Economic Landscape

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Following its move to deregulate diesel prices, the government has hiked excise duty on petrol and diesel amid low global oil prices.

Following its move to deregulate diesel prices, the government has hiked excise duty on petrol and diesel amid low global oil prices. This move will help the government raise around Rs. 60 billion in the current fiscal year, helping to reduce the budget deficit. Since state owned oil companies have agreed to bear the price hike, consumers will not see any change at the pump, and inflation will remain largely unaffected by the move.

Latest economic data presents a mixed picture for India's recovery. Industrial production grew at the highest rate in three months, although it was boosted by seasonal festival demand. Car sales, though, fell again on the year for the second consecutive month. Consumer price inflation fell to a record low due to base effects and the fall in global oil prices. In spite of pressure for a rate cut, the RBI seems likely to leave the key policy rate unchanged at its December 2 meeting until there are clearer signs that inflation is on a sustainable downward path.

#### 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

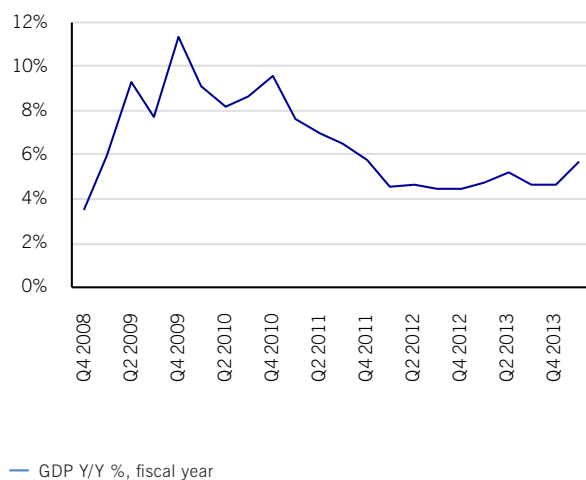
significantly above the 4.4% recorded a year earlier, which at the time was the worst growth in four years.

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 latest quarter, the highest addition since the January-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.

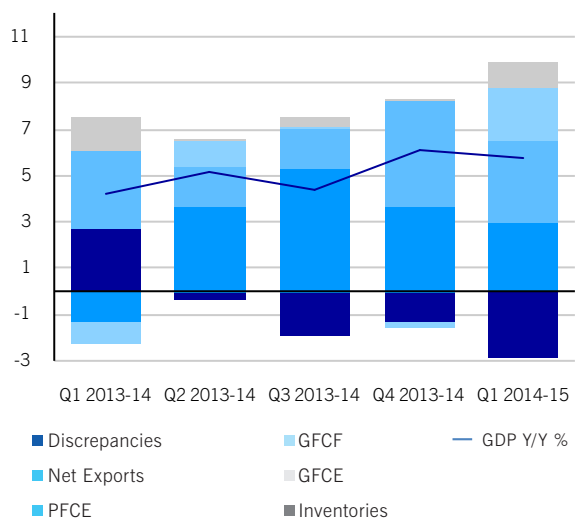
The official GDP figures for the three months to September are due to be released on November 28.

#### Economic Growth



Source: Central Statistical Organisation, India

#### Contribution to Economic Growth



Source: Central Statistical Organisation, India

While the easing in inflation should have helped to improve spending, the continued weakness in 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. This should allow the Reserve Bank of India to cut official interest rates earlier than currently anticipated, which would help to encourage greater investment in India and boost consumption.

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. This will likely raise the level of GDP 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.

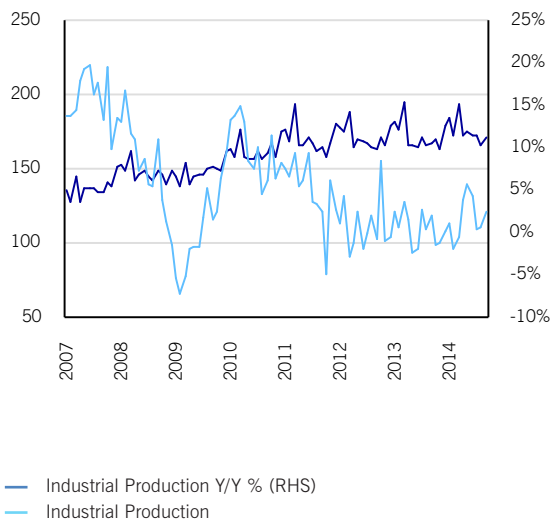
The improvement in the BEI was due to improved optimism in capacity utilisation, imports and production coupled with reduced pessimism about the cost of raw materials.

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

#### 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.

#### Industrial Production



Source: Central Statistical Organisation, India

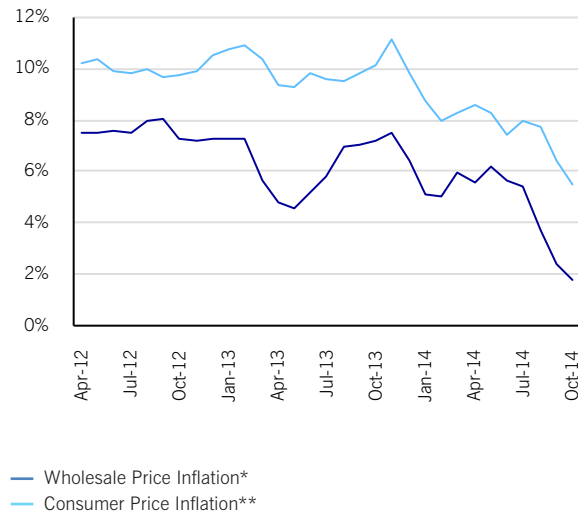
Consumers were increasingly optimistic about the future with the Future Expectations Index rising to a series high of 123.2 from 122.9 in the previous quarter. An increasing proportion of respondents expected their spending to increase in the 12 months ahead, as the net response for perceptions on income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

#### Industrial output rises in September

Industrial production grew by 2.5% on the year in September, following a fall to a revised 0.5% in August. Cumulative growth for the period April-September 2014-15 stood at 2.8% compared with the same period in 2013. Although the rise in production is welcomed, it also likely reflects the seasonal festival boost when production usually increases across board.

The pickup in industrial production was led by manufacturing, which contributes about 75% to industrial output. Manufacturing output rose 2.5% on the year following a revised contraction of 1.3% in the previous month. 15 out of the 22 industry groups within the manufacturing sector expanded in September, led by a 29.9% rise in 'Electrical machinery & apparatus'. In contrast, the industry group 'Radio, TV and communication equipment & apparatus' had the highest negative growth for the fifth consecutive month of

## Inflation



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

43.8%, followed by a 34.2% decline in 'Office, accounting & computing machinery' and a 4.4% decline in 'Chemicals & chemical products'.

Mining output grew for the 11th month in a row by 0.7% in September compared with 2% growth in August. Output of consumer durables, a measure of consumer demand, contracted for the fourth consecutive month by 11.3% on the year. Capital goods output, a proxy for investment, rose by 11.6% on the year.

### Consumer price inflation hits record low

Consumer price inflation, which the Reserve Bank of India targets, fell to a historic low of 5.5% in October from 6.5% in September, marking the fifth consecutive month it has been below the RBI's inflation target of 8% by January 2015 and the first time it has been below the January 2016 target of 6%.

Food price inflation, which makes up almost half of the basket, eased to 5.6% from 7.7% in the previous month led by vegetable prices which contracted for the first time since February 2012. Core CPI inflation, which excludes food and energy, slowed slightly to 5.8% on the year from 5.9% in August. Favourable base effects and falling global oil prices should help to ease pressure on food prices until the year end. 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 targeted measure of inflation, based on the wholesale price index, eased to a five year low of 1.8% in October from 2.4% in September due to sharp fall in fuel prices.

### Repo rate at 8%

The Reserve Bank of India left the key policy rate at 8% at its monetary policy meeting on September 30, where it has been 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.

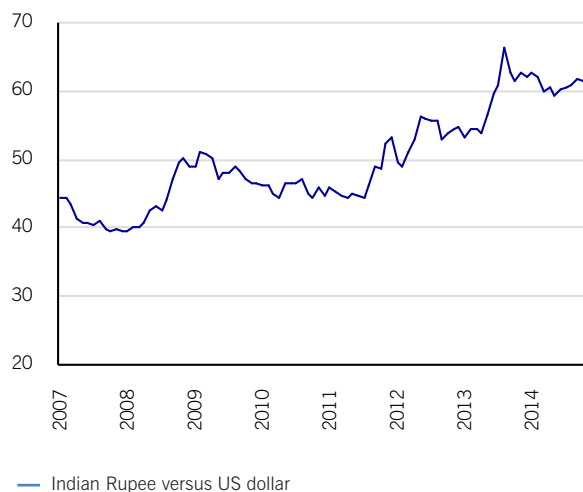
Given that the RBI looks likely to meet its short-term target for inflation, the focus of the monetary policy committee seems now to be maintaining the disinflationary glide path in order to reach its target of 6% by January 2016. Meeting the 2016 target will require the swift implementation of significant supply side reforms by the government. The RBI is due to meet next on December 2, where it is widely expected to leave the key policy rate unchanged.

### Lower fiscal budget deficit

In the July-September quarter, the government budget deficit stood at Rs. 1.41 trillion, compared with Rs. 1.49 trillion last year.

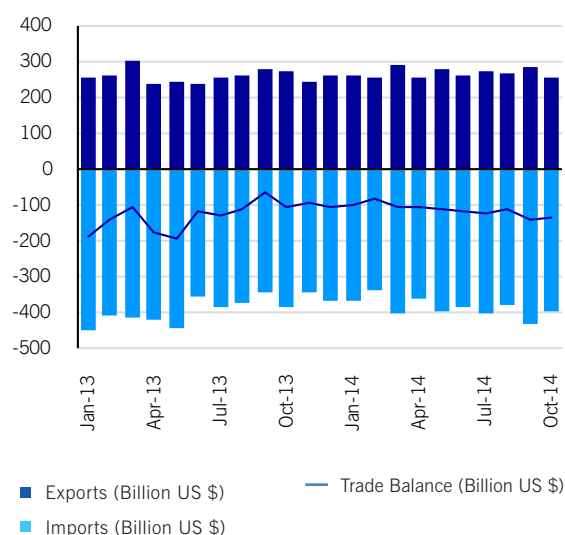
Government receipts totalled Rs. 3.07 trillion, higher than Rs. 2.78 trillion a year earlier. Out of this, net tax receipts were Rs. 2.24 trillion, lower than Rs. 2.06 trillion last year. Total expenditure was Rs. 4.48 trillion compared with Rs. 4.27 trillion a year earlier. The government's fiscal deficit was lower in September at Rs. 0.41 trillion compared with Rs. 0.73 trillion recorded in August, although was markedly higher than the Rs. 0.07 trillion in the same month a year earlier.

### Rupee Exchange Rate



Source: Reuters

### Trade Balance



Source: Ministry of Commerce and Industry

The fiscal deficit for the April-September period stood at Rs 4.39 trillion, 82.8% of the budget estimate of Rs 5.3 trillion.

In his maiden budget, 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. The recent removal of the diesel fuel subsidy should help to alleviate pressures on government finances. In addition, the government has raised excise duty on petrol and diesel to generate higher revenues amid the sharp fall in global crude prices. Consumers will not face higher prices as state-owned fuel retailers will absorb the hike.

Also, the government announced a slew of austerity measures, such as curbs on foreign travel, conferences, purchase of vehicles and the creation of new posts to contain the budget deficit.

#### Trade deficit narrows in October

India's trade deficit narrowed to \$13.4 billion in October from a 16-month high of \$14.2 billion in September, but was significantly higher than the \$10.6 billion shortfall recorded in October a year earlier, when stringent curbs on gold imports were first imposed.

Exports fell to \$26.1 billion in October after rising to \$28.9 billion in September, due to weak demand from European countries. Imports fell to \$39.5 in October after surging by 26% on the year to \$43.2 billion in September because of higher demand for gold and consumer goods during the festival season.

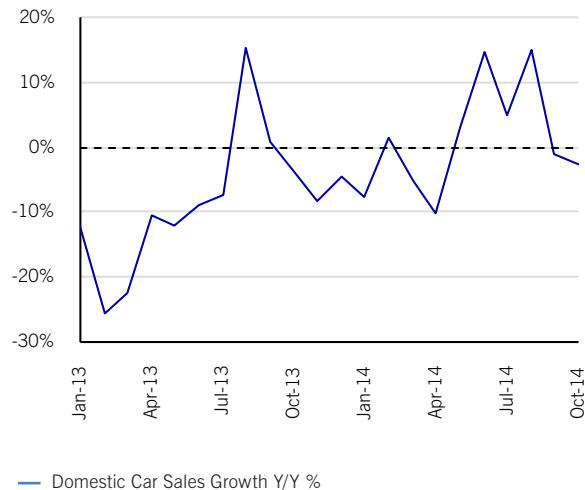
Gold imports almost quadrupled to \$4.2 billion in October from \$1.1 billion a year ago and \$3.8 billion a month ago, due to festivals and the approaching marriage season. This has prompted the government to consider re-imposing the curbs on gold imports which it had previously lifted partially in May.

Oil imports fell by 19.1% to \$12.4 billion in October from \$14.5 billion in September due to the fall in global oil prices. The sharp correction in commodity prices is positive for India, which imports three-quarters of its oil requirements.

#### Foreign exchange reserves rise

India's foreign exchange reserves fell by \$419.4 million to \$315.55 billion in the week to November 14. According to the RBI's weekly statistical supplement, foreign currency assets, the biggest component of the forex reserves, rose by \$422.7 million to \$290.06 billion. The value of India's gold reserves remained

### Car Sales



Source: Society of Indian Automobile Manufacturers

growth is likely to be lower than their forecast unless the economy begins to grow faster than it currently is.

Sales of commercial vehicles fell by 3% on the year in October after rising in September for the first time since April 2013. In two-wheelers, sales of scooters were up by 10.9% on the year to 383,885 units in October, although this was markedly below growth of 38% in September, while sales for motorcycles were down by 8.7% to 1,008,761 following nine consecutive months of growth.

unchanged at \$19.74 billion in the week ending November 14.

There has been some pressure on the Indian rupee due to dollar strength following the US formally ending QE. 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 fallen 0.2%, while foreign institutional investors have bought \$15.4 billion during the period from local equity markets.

### Car sales fall in October

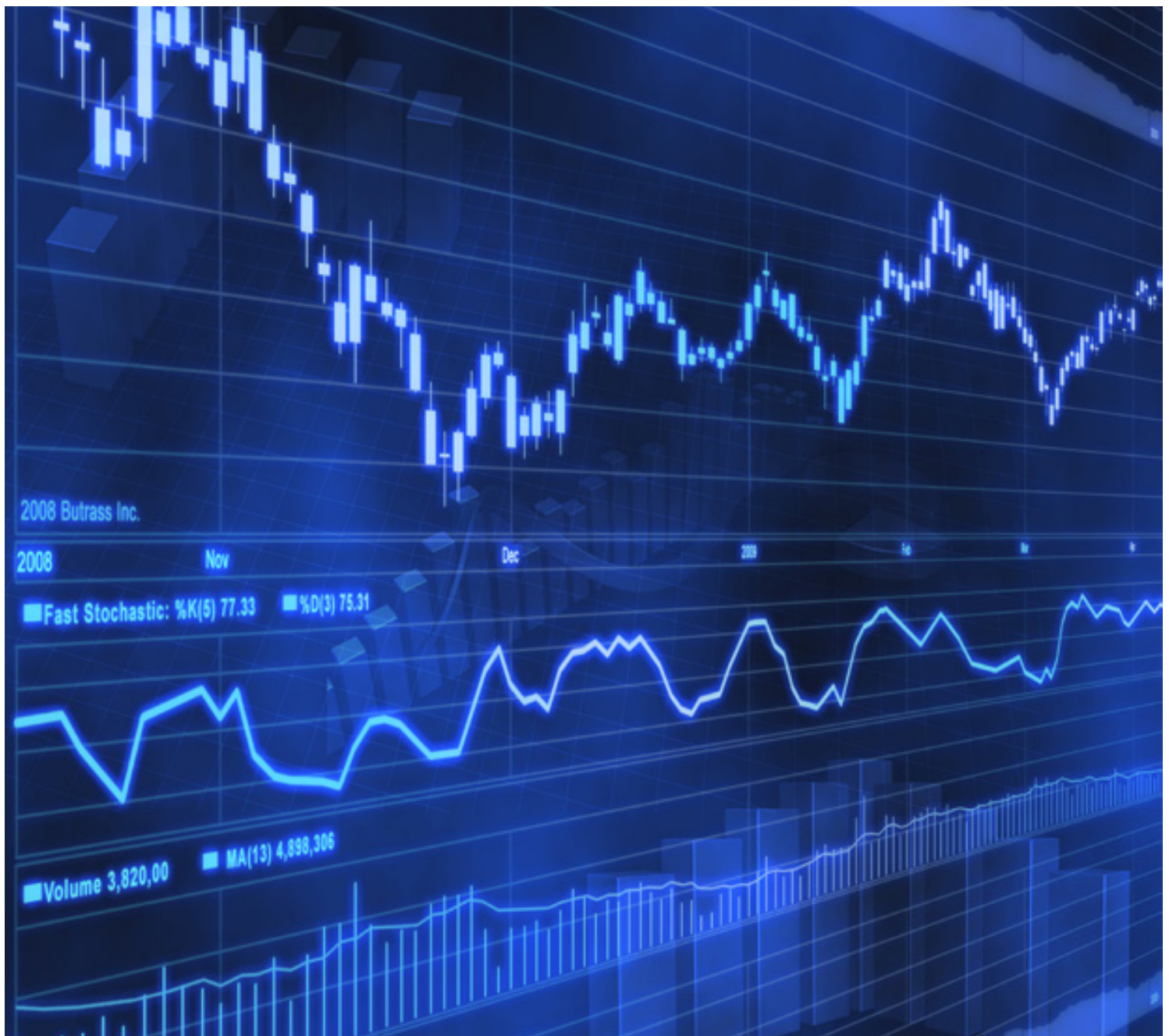
Car sales in India contracted for the second consecutive month in October, declining by 2.6% on the year following a fall of 1% in September. Although the automobile industry was expecting a surge in sales during the festive season, they failed to pick up in spite of new launches, discounts and a fall in fuel prices. In the April-October period, car sales grew by 3% to 1.05 million units compared with 1.02 million units in the same period a year ago.

The Society of Indian Automobile Manufacturers (SIAM) forecast in August that car sales would rise by 5-10% in the 2014-15 fiscal year, although recently cautioned that

# Business confidence eased for the second consecutive month to the lowest since August...

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...although it was 6.7% above the level seen a year ago signifying that sentiment remains buoyant.



# Indicators

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The MNI India Business Indicator declined by 1.1% to 68.9 in November from 69.7 in October, with demand falling as the festival season came to a close.

## MNI India Business Indicator

### Lowest Since August



The MNI India Business Indicator declined by 1.1% to 68.9 in November from 69.7 in October, with demand falling as the festival season came to a close.

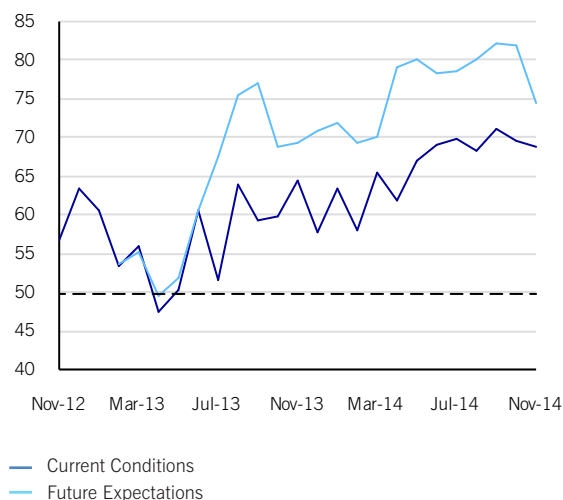
Business confidence eased for the second consecutive month to the lowest since August, although it was 6.7% above the level seen a year ago signifying that sentiment remains buoyant. In November, business confidence eased across all sectors with service sector companies leading the decline.

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. GDP growth has a correlation with the quarterly movements in the MNI India Business Sentiment Indicator and the deceleration in our headline indicator seen in the three months to September points to some easing in GDP growth in the September quarter which is due to be released later this month.

Asked specifically about the impact of the Modi government's policies, 39% of respondents thought the new government's policies have had a positive impact on their business. A significant proportion highlighted the quicker implementation and clearance of business proposals by the government as the primary reason for the improvement. Nevertheless, 45.6% of our panel reported that their business had been unaffected by the government's policies while just under 2% thought that they have had a negative impact.

The majority of our panellists see the "Modi boost" continuing, although there was a sharp fall in the proportion of respondents who expected business

MNI India Business Indicator



"Business conditions are worse as from 1st November, the government has increased VAT for sale of sugar in Karnataka." **Food products manufacturing company**

"There is an overall slowdown in the chemicals industry." **Speciality chemicals manufacturing company**

"There is less demand for real estate." **Heavy construction company**

MNI India Business Indicator

	Nov-13	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14
Current Conditions	64.6	69.2	70.0	68.4	71.2	69.7	68.9

conditions to improve over the coming three months. The Future Expectations Indicator fell to 74.6 from 82.0 in November. Expectations of construction companies increased slightly from the previous month and it remained the most optimistic among the three sectors.

In line with the easing in overall business confidence this month, there was a decline in some of the key indicators within the report. New Orders fell following the end of the festival season, which had boosted the indicator over the past few months and companies were less inclined to hire.

While the strengthening of the rupee looks to have caused Export Orders to decline, our panel considered the exchange rate to be favourable to business in general. On a positive note, companies continued to face lower input costs and a higher proportion of them reported that there was greater availability of credit.

In November, eight 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. Thirteen of the 15 future expectations indicators fell this month.

#### Sectors - Overall Business Conditions

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

“Market conditions are good.” **Clothing and accessories manufacturing company**

“There is a slow-down in demand.” **Diversified Industrials manufacturing company**

“We are looking forward to some new projects in the next three months.” **Real estate and Development services company**

“Sugar prices are not going to increase in the next few months but the cost of manufacturing sugar would be high.” **Food products manufacturing company**

#### MNI India Business Indicator

	Nov-13	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14
Future Expectations	69.5	78.5	78.6	80.3	82.4	82.0	74.6

## Orders

### Demand Eases in November



With the conclusion of the major Indian festivals in October, there was lower demand for goods and services which resulted in a fall in orders and fewer backlogs for companies to manage.

The New Orders Indicator decreased by 1.6 points to 64.6 in November from 66.2 in October led mainly by construction and service sector companies. While overall business sentiment has risen sharply this year helped by the “Modi boost”, orders for goods and services have been far more subdued.

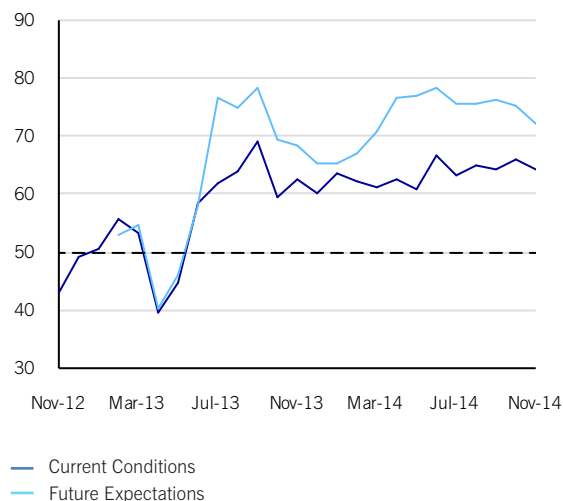
In November, fewer companies expected higher demand in the coming three months as the seasonal boost waned with the Expectations Indicator falling to 72.4 from 75.3, albeit expectations remained at an elevated level as companies see the potential in the Indian economy.

Overseas demand for Indian goods and services, which had been steadily rising, declined slightly in November as the strengthening of the rupee made Indian goods and services more expensive to foreign businesses. Export Orders fell for the third consecutive month to 61.6 from 63.0, although it remained above the series average of 58.4. Latest official data revealed that Indian exports contracted by 5% on the year in October, down from 2.7% in September, mainly owing to weak demand from Western economies.

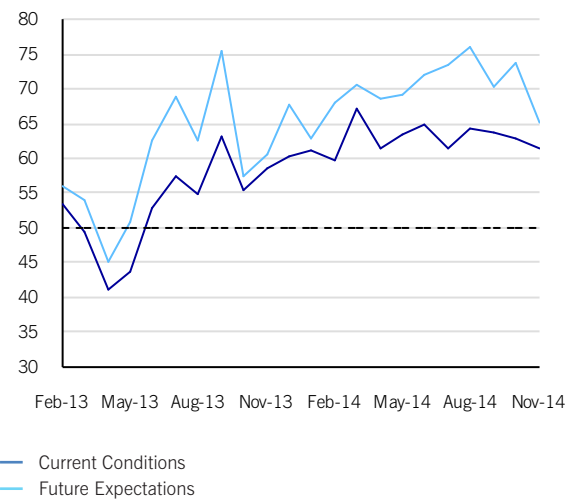
Expectations for Export Orders in the coming three months fell significantly to the lowest since January. The Future Expectations indicator declined to 65.3 compared with 73.9 in the previous month.

The conclusion of the festival season has resulted in less demand, causing companies’ backlogs to decline significantly in November. The Order Backlogs Indicator

#### New Orders



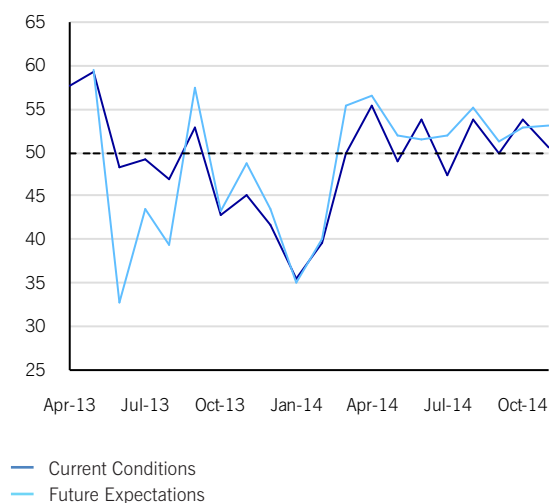
#### Export Orders



#### Orders - Current Conditions

	Nov-13	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14
New Orders	62.9	66.7	63.4	65.3	64.3	66.2	64.6
Export Orders	58.8	65.0	61.7	64.3	63.8	63.0	61.6
Order Backlogs	45.3	53.9	47.4	54.0	50.0	53.8	50.8

## Order Backlogs



fell by 5.6% on the month to 50.8 from 53.8 in October. Nonetheless, companies were optimistic that demand for their goods and services would grow in the coming three months, anticipating that it would result in higher backlogs with the Future Expectations indicator rising to 53.2 from 52.9.

## 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 fewer projects.” **Heavy construction company**

“We are starting to speed up execution process so there will be less order backlogs.” **Speciality chemicals manufacturing company**

## Orders - Future Expectations

	Nov-13	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14
New Orders	68.5	78.6	75.7	75.6	76.4	75.3	72.4
Export Orders	60.8	72.0	73.6	76.1	70.5	73.9	65.3
Order Backlogs	48.8	51.7	52.0	55.2	51.5	52.9	53.2

## Output and Employment

### Production Highest Since September 2013



By investing more in their productive capacity, companies were able to keep production stable and reported that they had just the right number of employees.

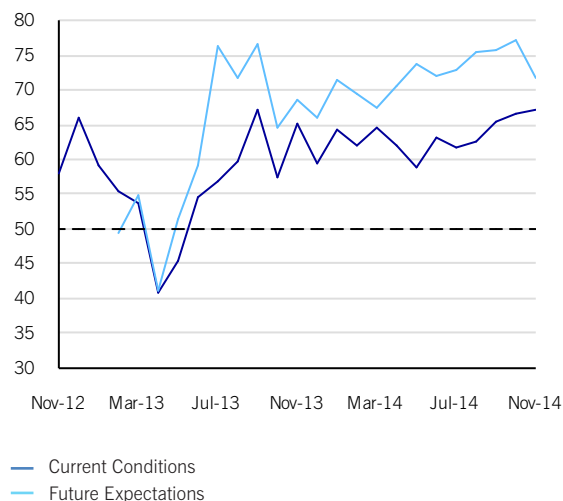
The Production Indicator remained broadly stable at 67.3 in November compared with 66.7 in October, although this modest rise pushed it to the highest since September 2013. A greater proportion of companies in both the construction and manufacturing sectors reported that they had expanded their production in November in contrast to service sector companies who reported that they had scaled back.

A gradual rise in the Production Indicator suggests we're likely to see a tentative pick-up in overall industrial production over the months ahead. The manufacturing sector is the key focus of the new government that has pledged to transform the economy into a global manufacturing hub. Already official data has shown that growth in industrial production picked up to 2.5% on the year in October from 0.5% in August.

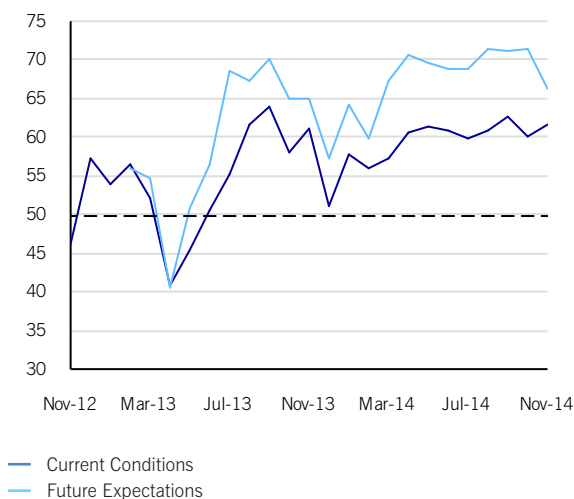
Companies' expectations about production in the coming three months were less positive although remained at an elevated level, with the Future Expectations indicator falling to 71.9 after hitting a record high of 77.3 in October.

In spite of the increase in overall business sentiment following the election of the new government, labour market sentiment has been subdued this year. The Employment Indicator, which measures whether companies have an adequate number of employees, fell slightly to 50.0 in November from 50.3 in October. A reading of close to 50 implies that companies had just the right number of employees. Companies in the service sector were less optimistic about employment in

#### Production



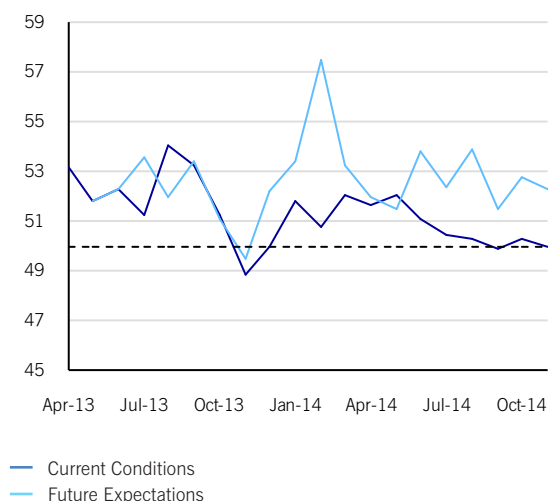
#### Productive Capacity



#### Output and Employment - Current Conditions

	Nov-13	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14
Production	65.3	63.2	61.8	62.7	65.7	66.7	67.3
Productive Capacity	61.3	60.9	59.9	60.9	62.8	60.1	61.8
Employment	48.9	51.1	50.5	50.3	49.9	50.3	50.0

## Employment



“Employees are idle due to fewer projects.” **Speciality finance manufacturing company**

“Productive capacity is improved because demand has increased.” **Pharmaceuticals manufacturing company**

“We are slightly overstaffed now.” **Software services company**

November, while manufacturing companies were more pessimistic with the Employment Indicator remaining below the 50 level.

Discouragingly, a slightly lower proportion of companies expected to hire more staff in the coming three months,

## 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

pushing the Future Expectations indicator down to 52.3 in November from 52.8 in October. Even though companies were more optimistic about future employment compared with current conditions, their expectations have trended downwards since the start of the year.

A growing proportion of companies have expanded their productive capacity over the past few months in order to meet demand without increasing their workforce. The Productive Capacity Indicator rose to 61.8 in November from 60.1 in the previous month. Fewer companies expected to increase their capacity in the coming three months, with the Future Expectations Indicator falling to 66.3 in November from 71.4, the lowest since February.

## Output and Employment - Future Expectations

	Nov-13	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14
Production	68.8	72.1	72.9	75.5	75.8	77.3	71.9
Productive Capacity	65.2	68.9	68.9	71.4	71.3	71.4	66.3
Employment	49.5	53.8	52.4	53.9	51.5	52.8	52.3

## Prices

### Input Prices Bottom Out



The disinflationary trend since the start of the year continued in November and an increasing number of companies reported that the exchange rate was helping their business operations.

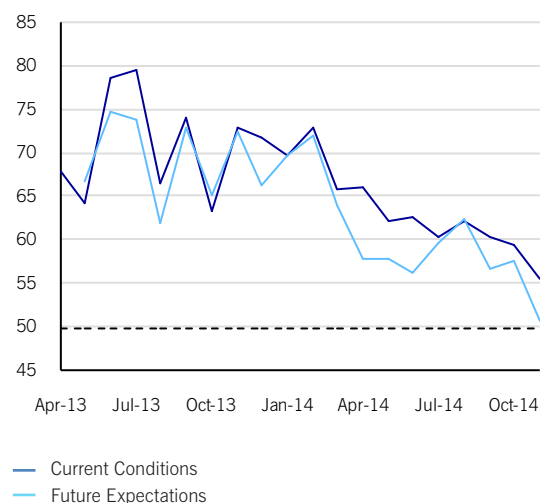
Fewer companies, especially in the services and manufacturing sectors, paid higher prices for their inputs in November and a growing proportion of companies across the three sectors (manufacturing, construction, services) expected input prices to fall further in the next three months. In particular, the proportion of companies in the construction sector which expected input prices to decline in the coming three months outnumbered those which expected them to increase.

The Input Prices Indicator fell to 55.6 in November from 59.4 in October, the lowest in the series' history. Firms' expectations for prices over the coming three months also eased, in line with the trend since the start of the year. Expectations for Input Prices in three months' time fell by 11.6% to 50.9 from 57.6 in October, a record low and significantly below the outturn of 72.5 seen a year ago.

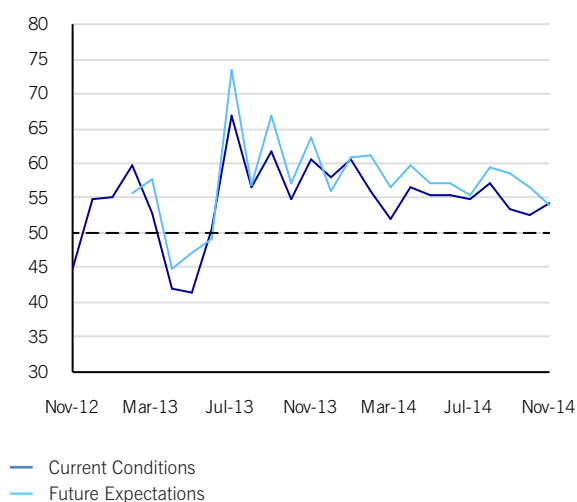
An increasing number of companies, particularly in the manufacturing sector, reported that they charged higher prices, with the Prices Received Indicator rising to the highest in three months to 54.3 from 52.6 in October.

In contrast, expectations for Prices Received in three months' time fell to the lowest since June, with the indicator falling to 54.1 from 56.6 in October. In line with lower expectations for input prices, construction sector companies expected the prices that they charge to decline in the coming three months, with the indicator falling below the 50 level. This was in contrast to manufacturing and service sector companies.

#### Input Prices



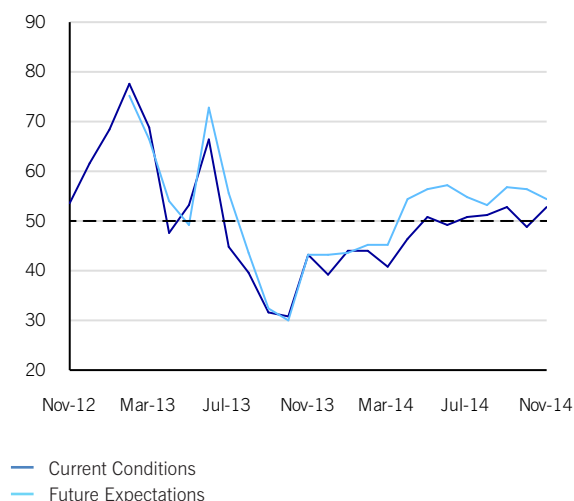
#### Prices Received



#### Prices - Current Conditions

	Nov-13	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14
Input Prices	73.0	62.6	60.4	62.2	60.4	59.4	55.6
Prices Received	60.8	55.6	54.9	57.3	53.6	52.6	54.3
Exchange Rate	43.4	49.4	51.1	51.2	53.0	48.8	52.8

## Effect of Rupee Exchange Rate



**“Fuel prices have come down.” Auto parts manufacturing company**

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 1.8% in October from 2.4% in September.

Last month, a number of emerging market currencies weakened as concerns grew about the recovery in Europe, the potential slowdown in China, the fall in oil prices and the spread of Ebola. While the Indian rupee had witnessed a marginal fall, it has stabilised somewhat earlier this month.

## 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 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 stability in the Indian rupee boosted confidence in November, signified by a rise of 8.2% in the Effect of the Rupee Exchange Rate Indicator to 52.8, almost recuperating the fall to 48.8 in October from 53.0 in September.

Fewer companies expected the rupee to help in the coming three months, with the Expectations Indicator falling to 54.7 from 56.5 in October. In particular, a higher proportion of service sector companies were less optimistic while companies in both the construction and manufacturing sectors expected the rupee exchange rate to be favourable to their business.

## Prices - Future Expectations

	Nov-13	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14
Input Prices	72.5	56.2	59.8	62.4	56.7	57.6	50.9
Prices Received	63.8	57.2	55.5	59.6	58.6	56.6	54.1
Exchange Rate	43.5	57.5	55.1	53.3	56.8	56.5	54.7

## Money and Credit

### Financial Position Highest Since August



A buoyant financial position coupled with lower interest costs and greater availability of credit were all key positives from our panel of companies in November.

The Availability of Credit Indicator rose to 59.5 from 58.3 in October, almost 7% above the level in the same month a year earlier. This was in line with the upward trend in credit availability observed 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, in a move to boost liquidity and lower interbank rates.

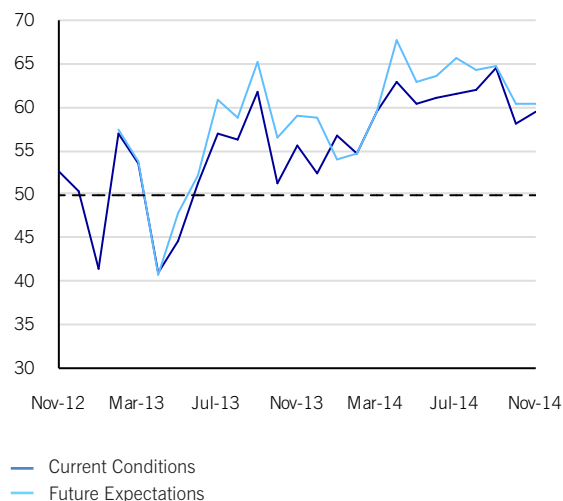
Only manufacturing companies reported that their availability of credit had improved in November, although sentiment remained above 50 among all three sectors surveyed.

Companies continued to expect credit availability to improve over the coming three months, with the Future Expectations Indicator remaining broadly stable at 60.4 in November compared with 60.6 in the previous month.

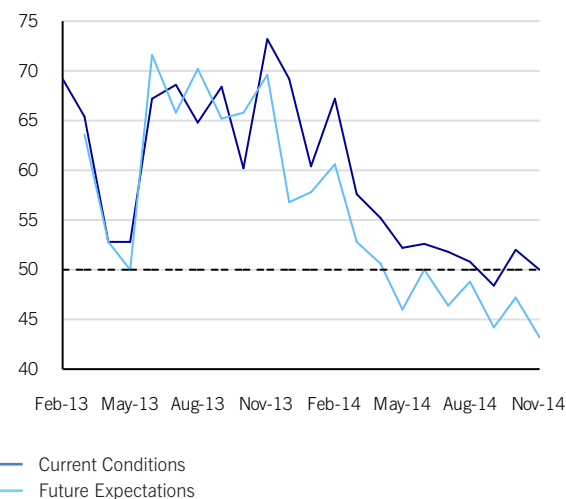
More companies reported that the interest costs they faced fell, although the majority said they remained the same compared with the previous month. This led to a fall in the Interest Rates Paid Indicator to 50.0 in November from 52.0 in October, substantially below the outturn of 73.2 recorded in November 2013.

Expectations for Interest Rates Paid have also trended down since November last year after remaining elevated throughout most of 2013. Companies in our panel anticipated that interest rates would fall over the coming

#### Availability of Credit



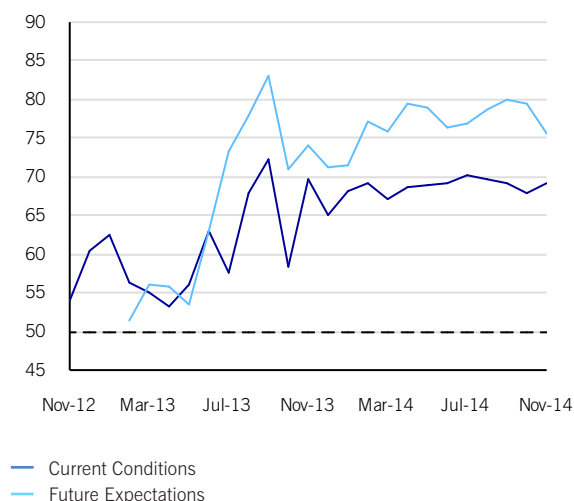
#### Interest Rates Paid



#### Money and Credit - Current Conditions

	Nov-13	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14
Availability of Credit	55.7	61.1	61.7	62.1	64.6	58.3	59.5
Interest Rates Paid	73.2	52.7	51.8	50.8	48.5	52.0	50.0
Financial Position	69.9	69.3	70.3	69.8	69.2	68.0	69.4

## 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

"We have reduced our financial cost by negotiating with other banks to get better rates of interest."  
**Auto parts manufacturing company**

"Due to better sales, financial position is stronger."  
**Containers and packaging manufacturing company**

"We are more profitable as raw material prices have gone down and prices of products are stable."  
**Diversified industrials manufacturing company**

three months, with the Expectations Indicator declining by 8.7% to 43.2 compared with 47.3 in October.

While business confidence has risen sharply since the start of the year, the improvement in companies' Financial Position has been much more subdued. However, in November more companies reported a better financial position with the indicator rising to a three month high of 69.4 compared with 68.0 in October.

In contrast, fewer companies were bullish about their future Financial Position with the indicator falling to 75.6 in November from 79.5 in October, the lowest since January.

## Money and Credit - Future Expectations

	Nov-13	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14
Availability of Credit	59.2	63.7	65.8	64.5	64.8	60.6	60.4
Interest Rates Paid	69.6	50.0	46.4	48.9	44.2	47.3	43.2
Financial Position	74.2	76.5	76.9	78.8	80.2	79.5	75.6

## Logistics

### Inventories Contract



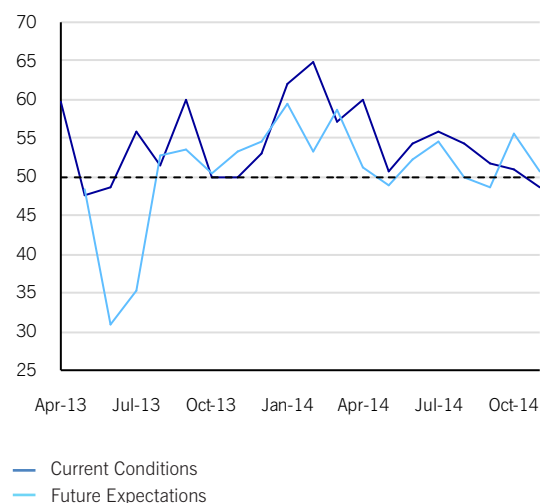
An increasing number of companies reported that they were running down their stock levels and did not plan on replenishing their inventories over the coming months.

The Inventories Indicator declined for the fourth consecutive month to 48.9 in November from 51.2 in October, with both manufacturing and construction companies' stocks contracting on the month to meet existing demand.

Three month average in both the current and expectations indicator for Inventories of Finished Goods has trended downwards this year. Initially, this was due to subdued demand and the poor economic climate followed by seasonal festival demand. The Expectations Indicator fell more significantly this month but remained just above the 50 threshold level, with some companies possibly expecting a faster pick-up in demand as the economy shows some tentative signs of recovery.

Suppliers of key inputs reported that delivery times were long in November, with the Supplier Delivery Times Indicator above the 50 threshold level at 53.2 in November. Companies expected delivery times to expand at a faster rate in the next three months as well with the indicator rising to 55.1 from 54.3 in October.

#### Inventories



**"Inventories are low due to quick sales." Durable household products manufacturing company**

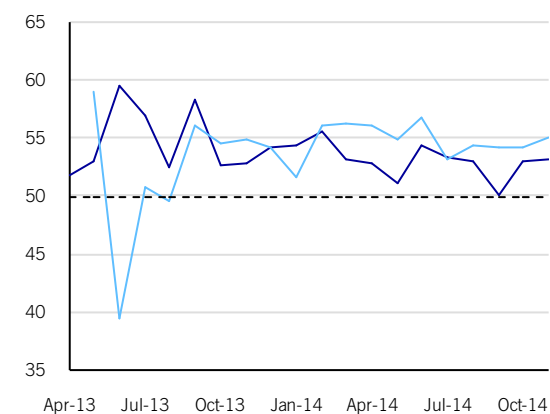
**"Demand is increasing and we want to match sale with it, so we are running down inventories." Pharmaceuticals manufacturing company**

**"Due to better sales, inventories have come down." Food Products manufacturing company**

#### Logistics - Current Conditions

	Nov-13	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14
Inventories	50.0	54.5	55.9	54.5	51.8	51.2	48.9
Supplier Deliveries	52.9	54.5	53.5	53.1	50.2	53.0	53.2

## Supplier Delivery Times



— Current Conditions  
— Future Expectations

## 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 expect higher demand in the future so accordingly delivery times will have to be geared up.” **Building materials and fixtures construction company**

“Due to more demand, stock levels are low.” **Footwear manufacturing company**

“Due to higher new orders, we expect delivery times to be longer.” **Food Products manufacturing company**

## Logistics - Future Expectations

	Nov-13	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14
Inventories	53.3	52.5	54.8	50.0	48.8	55.6	50.9
Supplier Deliveries	55.0	56.8	53.3	54.5	54.3	54.3	55.1

## Special Question

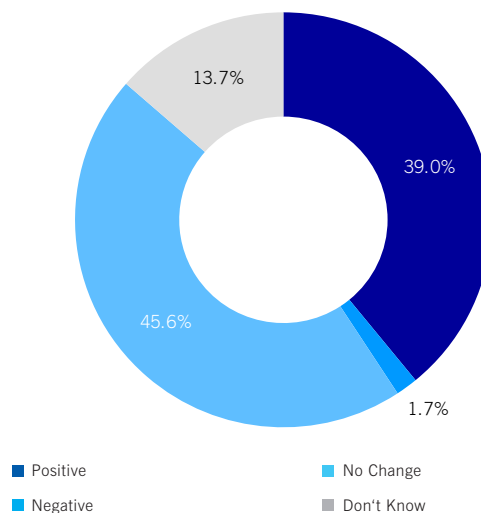
### What has been the impact of Modi government's policies on your business?



For the November survey, we asked our panel of the largest Indian companies what impact the policies of the Modi government have had on their business. Narendra Modi, leader of the pro-business BJP party, was sworn in as India's Prime Minister towards the end of May and since then the MNI Business Sentiment Indicator has seen a sharp boost.

Out of our panel, 39% of respondents reported that their business had been positively impacted by the new government's policies with many citing the quicker implementation and clearance of business proposals as the primary reason for the improvement. Nevertheless, 45.6% of respondents thought that their business had been unaffected by the government's policies while 1.7% thought that they have had a negative impact. About 14% respondents did not know and said that it was too early to draw any conclusions and many expected business conditions to improve in the future. In general, respondents felt positive and believed that the incumbent government was on the right track, taking the necessary steps to improve the economic climate.

What has been the impact of Modi government's policies on your business?



"The government's budget is in the favour of our company." **Food retailers and Wholesalers Company**

"The new government is taking correct steps towards success." **Heavy construction company**

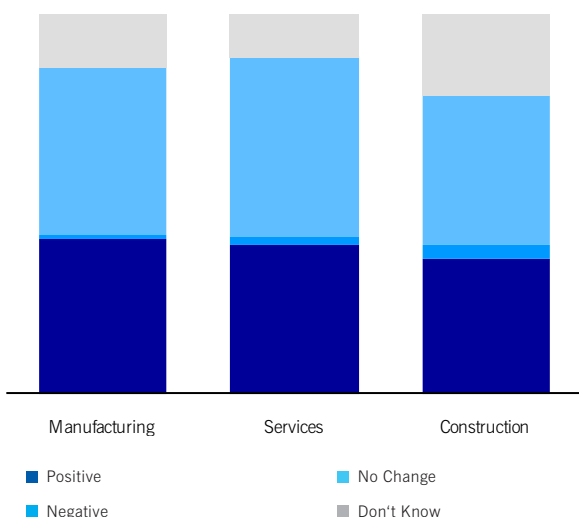
"The new government will be able to control inflation." **Broadcasting and entertainment services company**

"It will take time for changes to happen." **Speciality chemicals manufacturing company**

"Fast clearance of permissions is helping our business." **Diversified industrials manufacturing company**

"Its too early to comment on the impact of Modi on businesses." **Clothing and accessories manufacturing company**

What has been the impact of Modi government's policies on your business?



#### Special Question - Percentage Responses

	Manufacturing	Services	Construction
Positive	40.8%	39.2%	35.7%
Negative	1.3%	2.1%	3.6%
No Change	43.9%	47.6%	39.3%
Don't Know	14.0%	11.2%	21.4%

"Business conditions have worsened after elections as the Tamil Nadu government has increased VAT." **Food products manufacturing company**

"Good foreign relations are helping our industry." **Software services company**

"The economy is more stable and the rupee is stronger as compared with the dollar." **Pharmaceuticals manufacturing company**

"The government wants more investment and employment generation in our industry." **Diversified industrials manufacturing company**

"There are favourable policies for the construction industry." **Heavy construction company**

"The government has introduced some good policies related to employee provident fund which is having a positive impact for employees as well as companies." **Broad line retailers services company**

"Fast implementation of economic policies has led to a better business environment." **Pharmaceuticals manufacturing company**



## What the Panel Said

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

"Banks are ready to give more credit now." **A financial institution**

"Liquidity has improved in the market." **A speciality finance company**

"Inventories are low due to quick sales." **Durable household products manufacturing company**

"Fast implementation of economic policies has led to a better business environment." **Pharmaceuticals manufacturing company**

"No government policies are affecting our industry." **Containers and packaging manufacturing company**

"Demand is increasing and we want to match sale with it, so we are running down inventories." **Pharmaceuticals manufacturing company**

"We expect higher demand in the future so accordingly delivery times will have to be geared up." **Building materials and fixtures construction company**

"Due to more demand, stock levels are low." **Footwear manufacturing company**

"Due to higher new orders, we expect delivery times to be longer." **Food products manufacturing company**

"Employees are idle due to fewer projects." **Speciality finance manufacturing company**

"Productive capacity is improved because demand has increased." **Pharmaceuticals manufacturing company**

"We are slightly overstaffed now." **Software services company**

"Due to better sales, inventories have come down." **Food products manufacturing company**

"Fuel prices have come down." **Auto parts manufacturing company**

"There are fewer projects." **Heavy construction company**

"We are starting to speed up execution process so there will be less order backlogs." **Speciality chemicals manufacturing company**

"If crude price comes down further then our prices will decrease." **Commodity chemicals manufacturing company**

"Business conditions are worse as from 1st November, the government has increased VAT for sale of sugar in Karnataka." **Food products manufacturing company**

"There is an overall slowdown in the chemicals industry." **Speciality chemicals manufacturing company**

"There is a slow-down in demand." **Diversified Industrials manufacturing company**

"Crop prices are increasing." **Food products manufacturing company**

"The rupee has become more stable over last few months." **Diversified industrials manufacturing company**

"Price of natural rubber, our main raw material has lowered as compared with the last month." **Tyre manufacturing company**

"We have increased the salary of our employees." **A speciality finance services company**

"Crude oil prices are going down." **A marine transportation services company**

"Selling price is expected to go down because raw material price has dropped." **Diversified industrials manufacturing company**

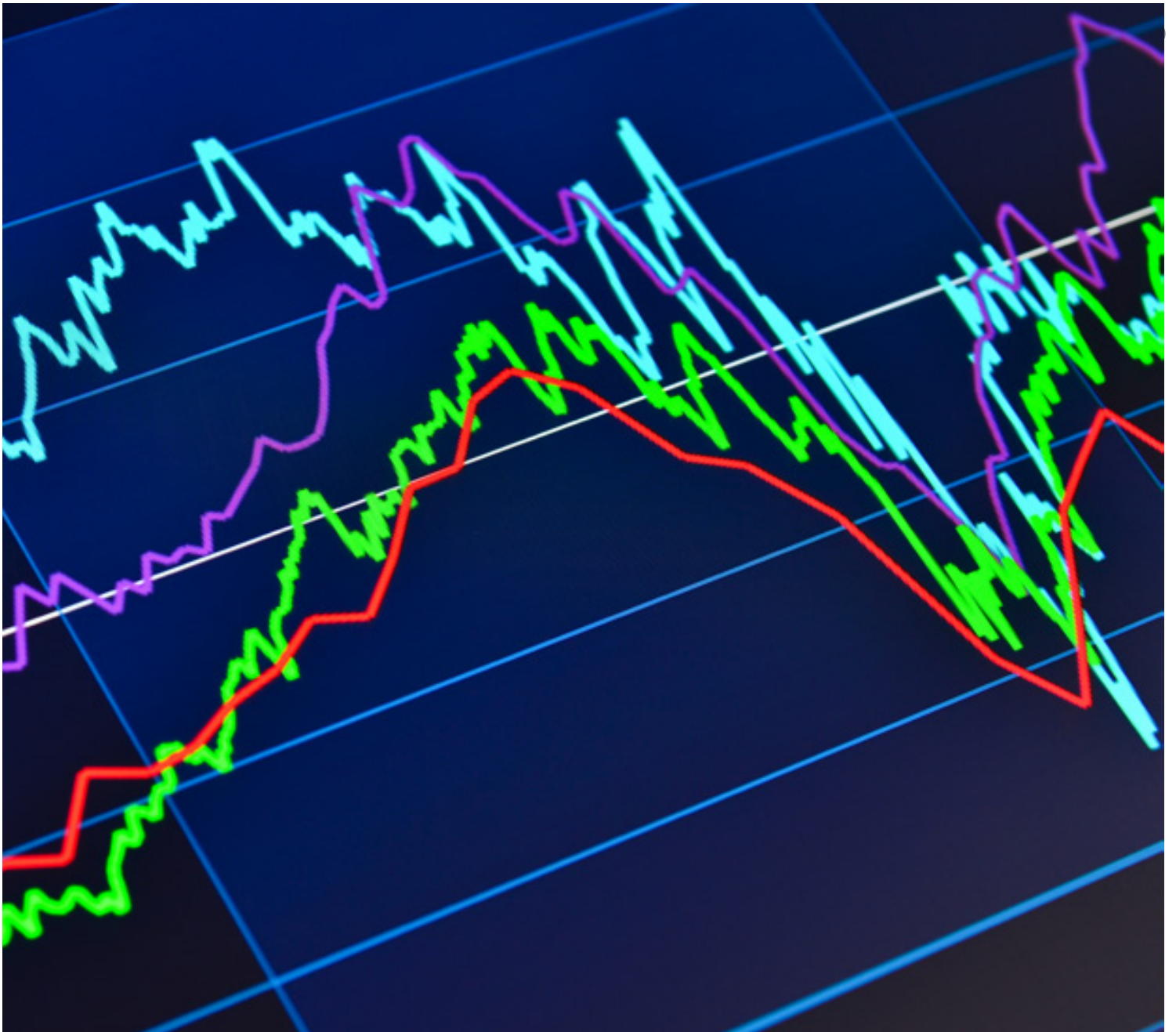
"The rupee is stronger with respect to the dollar as compared with last month." **Iron and steel manufacturing company**

"We are exporting more than importing." **Speciality chemicals manufacturing company**

# 39% reported that their business has been positively impacted by the new government's policies...

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...while 45.6% of respondents thought that their business had been unaffected and 1.7% thought that they have had a negative impact.

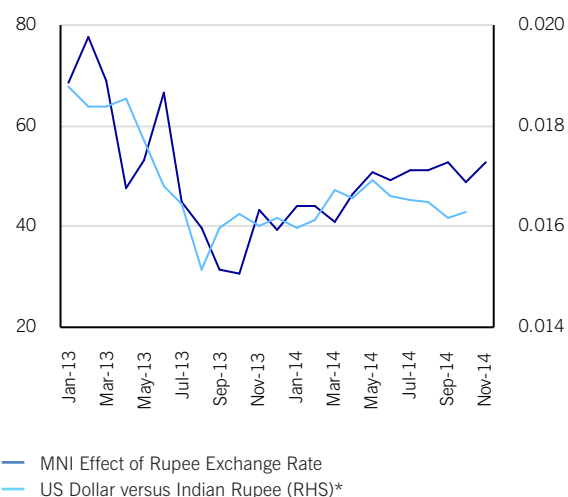


# Correlation Charts

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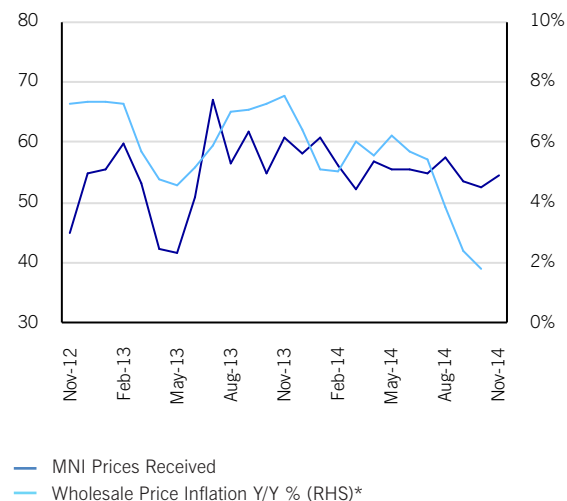
Our indicators closely track official Indian economic data.

## Exchange Rate



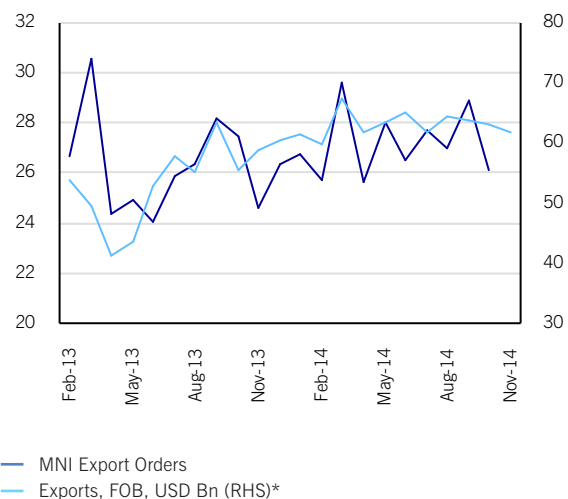
Source: \*Reuters

## Inflation



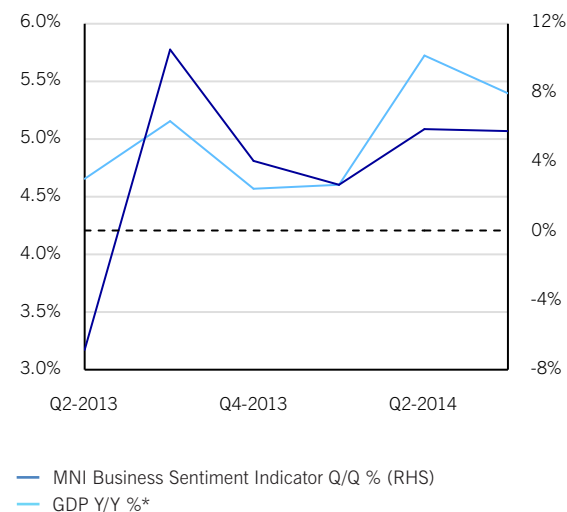
Source: \*Office of the Economic Advisor, India

## Export Orders



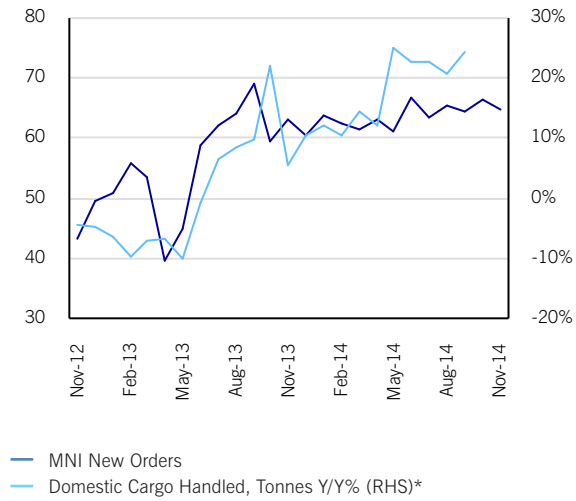
Source: \*Indian Ministry of Commerce and Industry

## GDP



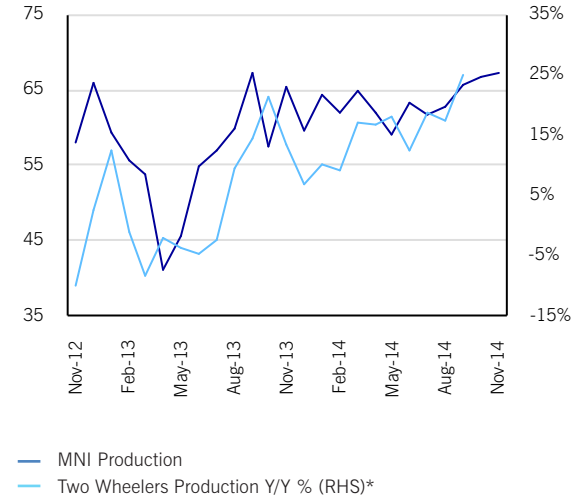
Source: \*Central Statistical Organisation, India

## New Orders



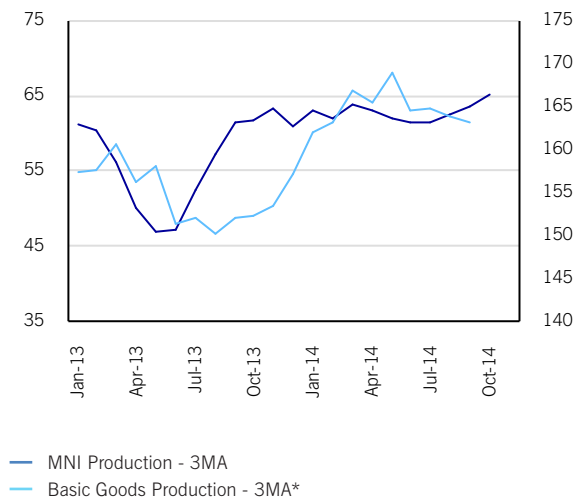
Source: \*Airports Authority of India

## Production



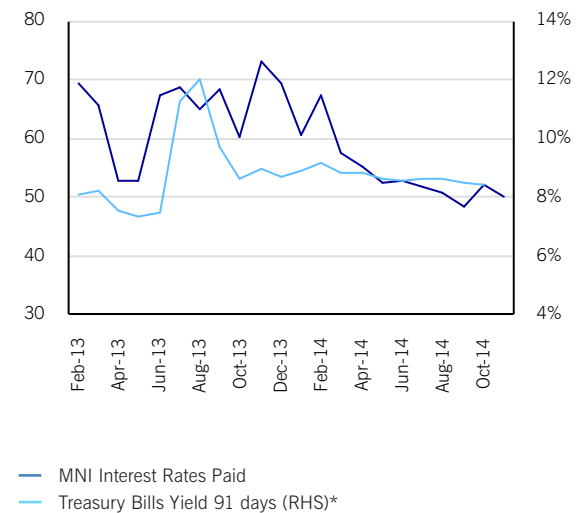
Source: \*Society of Indian Automobile Manufacturers

## Production



Source: \*Central Statistics Office, India

## Interest Rates



Source: \*Reserve Bank of India



# Data tables

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## Historical Summary

	2013		2014										
	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
<b>MNI India Business Indicator</b>													
Current Conditions	64.6	57.8	63.4	58.2	65.5	61.9	67.0	69.2	70.0	68.4	71.2	69.7	68.9
Future Expectations	69.5	71.1	72.0	69.5	70.1	79.1	80.3	78.5	78.6	80.3	82.4	82.0	74.6
<b>Production</b>													
Current Conditions	65.3	59.7	64.4	62.0	64.8	62.0	59.0	63.2	61.8	62.7	65.7	66.7	67.3
Future Expectations	68.8	66.2	71.6	69.7	67.7	70.6	73.9	72.1	72.9	75.5	75.8	77.3	71.9
<b>New Orders</b>													
Current Conditions	62.9	60.3	63.6	62.3	61.5	62.9	60.9	66.7	63.4	65.3	64.3	66.2	64.6
Future Expectations	68.5	65.4	65.5	67.2	70.9	76.9	77.0	78.6	75.7	75.6	76.4	75.3	72.4
<b>Export Orders</b>													
Current Conditions	58.8	60.5	61.4	59.8	67.4	61.7	63.5	65.0	61.7	64.3	63.8	63.0	61.6
Future Expectations	60.8	67.9	62.9	68.2	70.6	68.8	69.4	72.0	73.6	76.1	70.5	73.9	65.3
<b>Productive Capacity</b>													
Current Conditions	61.3	51.3	58.0	56.1	57.4	60.7	61.5	60.9	59.9	60.9	62.8	60.1	61.8
Future Expectations	65.2	57.5	64.3	60.0	67.5	70.7	69.6	68.9	68.9	71.4	71.3	71.4	66.3
<b>Order Backlogs</b>													
Current Conditions	45.3	41.7	35.6	39.8	50.0	55.4	49.0	53.9	47.4	54.0	50.0	53.8	50.8
Future Expectations	48.8	43.7	35.2	40.1	55.4	56.7	52.1	51.7	52.0	55.2	51.5	52.9	53.2
<b>Employment</b>													
Current Conditions	48.9	50.0	51.8	50.8	52.1	51.7	52.1	51.1	50.5	50.3	49.9	50.3	50.0
Future Expectations	49.5	52.2	53.4	57.5	53.3	52.0	51.5	53.8	52.4	53.9	51.5	52.8	52.3
<b>Inventories</b>													
Current Conditions	50.0	53.1	62.1	64.9	57.2	60.0	50.9	54.5	55.9	54.5	51.8	51.2	48.9
Future Expectations	53.3	54.6	59.5	53.5	58.8	51.3	49.0	52.5	54.8	50.0	48.8	55.6	50.9
<b>Input Prices</b>													
Current Conditions	73.0	71.8	69.8	73.0	66.0	66.1	62.2	62.6	60.4	62.2	60.4	59.4	55.6
Future Expectations	72.5	66.4	69.9	72.0	64.0	58.0	57.8	56.2	59.8	62.4	56.7	57.6	50.9
<b>Prices Received</b>													
Current Conditions	60.8	58.0	60.6	56.2	52.2	56.8	55.6	55.6	54.9	57.3	53.6	52.6	54.3
Future Expectations	63.8	56.0	60.9	61.2	56.6	59.8	57.4	57.2	55.5	59.6	58.6	56.6	54.1
<b>Financial Position</b>													
Current Conditions	69.9	65.2	68.2	69.3	67.2	68.9	69.1	69.3	70.3	69.8	69.2	68.0	69.4
Future Expectations	74.2	71.3	71.5	77.2	76.1	79.6	79.0	76.5	76.9	78.8	80.2	79.5	75.6
<b>Interest Rates Paid</b>													
Current Conditions	73.2	69.2	60.5	67.3	57.6	55.3	52.3	52.7	51.8	50.8	48.5	52.0	50.0
Future Expectations	69.6	56.8	57.9	60.7	52.8	50.7	46.1	50.0	46.4	48.9	44.2	47.3	43.2
<b>Effect of Rupee Exchange Rate</b>													
Current Conditions	43.4	39.4	44.3	44.2	40.8	46.4	50.8	49.4	51.1	51.2	53.0	48.8	52.8
Future Expectations	43.5	43.2	43.6	45.2	45.5	54.4	56.4	57.5	55.1	53.3	56.8	56.5	54.7
<b>Supplier Delivery Times</b>													
Current Conditions	52.9	54.2	54.4	55.6	53.2	52.9	51.2	54.5	53.5	53.1	50.2	53.0	53.2
Future Expectations	55.0	54.2	51.7	56.2	56.3	56.2	54.9	56.8	53.3	54.5	54.3	54.3	55.1
<b>Availability of Credit</b>													
Current Conditions	55.7	52.6	56.8	54.9	59.6	63.1	60.4	61.1	61.7	62.1	64.6	58.3	59.5
Future Expectations	59.2	58.8	54.1	54.8	59.5	67.8	63.0	63.7	65.8	64.5	64.8	60.6	60.4

## Historical Records

	2012 - Current			
	Minimum	Maximum	Mean	Median
<b>MNI India Business Indicator</b>				
Current Conditions	47.5	71.2	61.6	61.9
Future Expectations	49.7	82.4	70.4	71.6
<b>Production</b>				
Current Conditions	41.0	67.3	60.0	61.8
Future Expectations	41.3	77.3	67.3	71.1
<b>New Orders</b>				
Current Conditions	39.7	69.1	59.0	61.9
Future Expectations	40.4	78.6	68.1	71.7
<b>Export Orders</b>				
Current Conditions	41.3	67.4	58.4	61.0
Future Expectations	45.2	76.1	65.2	68.1
<b>Productive Capacity</b>				
Current Conditions	41.0	64.0	56.6	58.0
Future Expectations	40.7	71.4	63.8	66.9
<b>Order Backlogs</b>				
Current Conditions	35.6	59.3	49.2	49.7
Future Expectations	32.8	59.6	48.7	51.7
<b>Employment</b>				
Current Conditions	48.9	54.1	51.3	51.3
Future Expectations	49.5	57.5	52.6	52.3
<b>Inventories</b>				
Current Conditions	47.8	64.9	54.5	53.8
Future Expectations	31.0	59.5	50.8	52.5
<b>Input Prices</b>				
Current Conditions	55.6	79.6	66.9	66.1
Future Expectations	50.9	74.9	64.2	64.0
<b>Prices Received</b>				
Current Conditions	41.5	67.1	54.9	55.4
Future Expectations	45.1	73.7	57.6	57.3
<b>Financial Position</b>				
Current Conditions	53.4	72.3	64.5	68.0
Future Expectations	51.6	83.3	71.9	75.9
<b>Interest Rates Paid</b>				
Current Conditions	48.5	73.2	59.6	59.0
Future Expectations	43.2	71.7	56.2	52.9
<b>Effect of Rupee Exchange Rate</b>				
Current Conditions	30.9	77.8	50.5	49.4
Future Expectations	30.1	75.5	52.1	54.3
<b>Supplier Delivery Times</b>				
Current Conditions	50.2	59.6	53.9	53.2
Future Expectations	39.5	59.0	53.8	54.6
<b>Availability of Credit</b>				
Current Conditions	41.1	64.6	55.6	56.8
Future Expectations	40.9	67.8	58.7	59.4

## Historical Records - Quarterly

	Q3 13	Q4 13	Q1 14	Q2 14	Q3 14	Quarterly Change	Quarterly % Change
<b>MNI India Business Indicator</b>							
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%
<b>Production</b>							
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%
<b>New Orders</b>							
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%
<b>Export Orders</b>							
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%
<b>Productive Capacity</b>							
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%
<b>Order Backlogs</b>							
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%
<b>Employment</b>							
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%
<b>Inventories</b>							
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%
<b>Input Prices</b>							
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%
<b>Prices Received</b>							
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%
<b>Financial Position</b>							
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%
<b>Interest Rates Paid</b>							
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%
<b>Effect of Rupee Exchange Rate</b>							
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%
<b>Supplier Delivery Times</b>							
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%
<b>Availability of Credit</b>							
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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