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MNI India Business Report
December 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.

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Best of the BRICs

While recent surveys have shown business confidence ebbing and our sister consumer survey showed sentiment hitting the lowest for a year in November, India is still expected to steal the show from the rest of the BRICs next year.

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First coined in 2001 by former Goldman Sachs economist Jim O'Neill, the acronym “BRIC” denotes the countries of Brazil, Russia, India and China which he anticipated would have a significant influence on the world economy over the subsequent decade. He was certainly right, although today the outlook for the next decade is not quite as bright.

Brazil’s economy has stagnated over the past four years under the leadership of President Dilma Rousseff, who has favoured unsustainable fiscal and social spending while shunning private enterprise. The last minute construction of football stadiums and unfinished infrastructure projects for the FIFA World Cup, which was hosted in Rio de Janeiro earlier this year, highlight the government’s grand but impossible vision. It came as no surprise that Brazil’s rating outlook was cut to negative by Moodys in September with the situation unlikely to change anytime soon following the narrow re-election of President Rousseff in October.

Russia, meanwhile, is reeling from the economic sanctions it has incurred from Western nations following the annexation of Crimea and occupation of Eastern Ukraine. With around half of Russia’s budget relying on revenue from oil exports, the lower oil price is already starting to hurt the economy. The rouble has fallen significantly since the start of the year in spite of the Central Bank of Russia hiking the key rate by a total of 1050 basis points over the past year alone. At the moment the country is staring into the abyss with the possibility of a repeat of the 1998 crisis no longer an outside risk.

While China remains relatively strong, economic growth has slowed this year and is expected to miss the government’s growth target for the first time since the 1998 Asian financial crisis. While the People’s Bank of China has recently cut the benchmark one-year loan rate by 40 basis points to 5.6% in an effort to stimulate the economy, China’s double digit growth days are now long gone.

So what about India? While annual growth might have slowed slightly to 5.3% in the three months to September from 5.7% in the previous quarter, the economy is expected to flourish following the sweeping victory of the pro-business Bharatiya Janata Party. Led by the popular Prime Minister Narendra Modi, the government is expected to bring about investment and growth through big-bang reforms to India’s notoriously complex tax system and cut through bureaucratic red tape. The country finally looks set to capitalise on its young population and will surely outstrip Chinese growth over the coming years.

Reserve Bank of India Governor Raghuram Rajan has not waivered from his inflation targeting mandate and is now reaping the benefits. Consumer price inflation fell to the lowest level on record in November and below the RBI’s target for both January 2015 and January 2016. A well timed fall in the price of oil means that rates are likely to start falling early in 2015 which will help to underpin growth.

Nevertheless, it is critical that the big bang reforms that Modi promised in his election are fully implemented. Without follow through on these, then the early signs of Modi fatigue seen recently in our business survey could prove longer lasting. Still, with Russia a write-off and the increasingly uncertain future of both Brazil and China, India looks to have the brightest outlook of the BRICs.

George Brown
Economist
MNI Indicators

Executive Summary

Business sentiment at India's largest companies fell in December for the third consecutive month as orders growth fell to the lowest for a year.

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The MNI India Business Indicator, calculated from the responses of BSE listed companies, declined to 68.4 in December from 68.9 in November. Both manufacturing and service sector firms saw confidence ease.

Business confidence has risen sharply since April, just before Modi was elected Prime Minister, although latest data show a cooling in optimism. Sentiment fell slightly in the final quarter of 2014, to an average of 69.0 in October-December from 69.9 in July-September. This was, however, far above the outturn of 60.7 seen one year ago, highlighting the turnaround in corporate sentiment over the past year.

The tapering in business sentiment and other key metrics in the report over recent months casts some doubt over the sustainability of the recovery. Following the recent lower level of inflation and the further easing in price pressures evident in our survey, there is now clear scope for the Reserve Bank of India to reduce the benchmark interest rate. Latest comments from central bank governor Raghuram Rajan suggest we'll see action on rates early in 2015.

In line with the easing in overall business confidence this month, some of the key indicators within the report declined. Production eased to the lowest level since August while New Orders declined to the lowest level in a year following the conclusion of the major Indian festivals. In contrast with the MNI India BSI, orders are now just above the same level a year ago. Export Orders decreased for the fourth consecutive month due to the appreciation of the rupee.

In the face of weaker demand, companies scaled back their production slightly by reducing their productive capacity and keeping its workforce unchanged.

Credit was slightly more expensive and less available in December, impacting negatively on the financial position of our panel of Indian companies.

More positively, the disinflationary trend seen since the start of the year continued in December with both price metrics from our survey declining further, showing that central bank measures appear to be keeping inflation capped. The indicator measuring prices charged to customers fell to the lowest level since June 2013 and companies also reported their input costs fell to the lowest level since the survey started.

Overview

	Oct-14	Nov-14	Dec-14	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
MNI India Business Indicator								
Current Conditions	69.7	68.9	68.4	-	May-14	69.0	-0.5	-0.7%
Future Expectations	82.0	74.6	80.2	Oct-14	-	78.9	5.6	7.5%
Production								
Current Conditions	66.7	67.3	64.2	-	Aug-14	66.1	-3.1	-4.6%
Future Expectations	77.3	71.9	75.1	Oct-14	-	74.8	3.2	4.5%
New Orders								
Current Conditions	66.2	64.6	60.8	-	Dec-13	63.9	-3.8	-5.9%
Future Expectations	75.3	72.4	72.6	Oct-14	-	73.4	0.2	0.3%
Export Orders								
Current Conditions	63.0	61.6	56.8	-	Oct-13	60.5	-4.8	-7.8%
Future Expectations	73.9	65.3	71.6	Oct-14	-	70.3	6.3	9.6%
Productive Capacity								
Current Conditions	60.1	61.8	57.7	-	Mar-14	59.9	-4.1	-6.6%
Future Expectations	71.4	66.3	67.6	Oct-14	-	68.4	1.3	2.0%
Order Backlogs								
Current Conditions	53.8	50.8	49.0	-	Jul-14	51.2	-1.8	-3.5%
Future Expectations	52.9	53.2	52.8	-	Sep-14	53.0	-0.4	-0.8%
Employment								
Current Conditions	50.3	50.0	50.0	Nov-14	-	50.1	0.0	0.0%
Future Expectations	52.8	52.3	52.4	Oct-14	-	52.5	0.1	0.2%
Inventories								
Current Conditions	51.2	48.9	51.3	Sep-14	-	50.5	2.4	4.9%
Future Expectations	55.6	50.9	47.9	-	Jul-13	51.5	-3.0	-5.9%
Input Prices								
Current Conditions	59.4	55.6	51.5	-	series low	55.5	-4.1	-7.4%
Future Expectations	57.6	50.9	51.1	Oct-14	-	53.2	0.2	0.4%
Prices Received								
Current Conditions	52.6	54.3	51.3	-	Jun-13	52.7	-3.0	-5.5%
Future Expectations	56.6	54.1	54.4	Oct-14	-	55.0	0.3	0.6%
Financial Position								
Current Conditions	68.0	69.4	68.3	-	Oct-14	68.6	-1.1	-1.6%
Future Expectations	79.5	75.6	76.5	Oct-14	-	77.2	0.9	1.2%
Interest Rates Paid								
Current Conditions	52.0	50.0	51.1	Oct-14	-	51.0	1.1	2.2%
Future Expectations	47.3	43.2	43.0	-	series low	44.5	-0.2	-0.5%
Effect of Rupee Exchange Rate								
Current Conditions	48.8	52.8	50.8	-	Oct-14	50.8	-2.0	-3.8%
Future Expectations	56.5	54.7	52.8	-	Mar-14	54.7	-1.9	-3.5%
Supplier Delivery Times								
Current Conditions	53.0	53.2	51.4	-	Sep-14	52.5	-1.8	-3.4%
Future Expectations	54.3	55.1	51.9	-	Jan-14	53.8	-3.2	-5.8%
Availability of Credit								
Current Conditions	58.3	59.5	58.1	-	Feb-14	58.6	-1.4	-2.4%
Future Expectations	60.6	60.4	61.0	Sep-14	-	60.7	0.6	1.0%

Consumer price inflation fell to a historic low of 4.4% in November...

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

Economic Landscape

Following the recent slide in consumer price inflation and the softening in growth, the RBI shed its long held hawkish position and said that monetary policy was likely to be loosened early in 2015, going as far as to say this could happen outside the policy review cycle.

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The deadlock over the introduction of a goods and services tax (GST) between the central and state governments has ended, paving the way for its introduction in April 2016. The GST is aimed at improving India's cumbersome tax system by streamlining a multitude of central and local levies including excise and VAT into a single unified tax.

Latest economic data has on the whole been disappointing with industrial production contracting for the first time in seven months in October and the trade deficit widening sharply in November. This followed a slowdown in overall GDP growth in the June-September quarter. More positively, car sales bounced back in November, although our own consumer confidence data has been subdued in recent months.

Economic growth slows

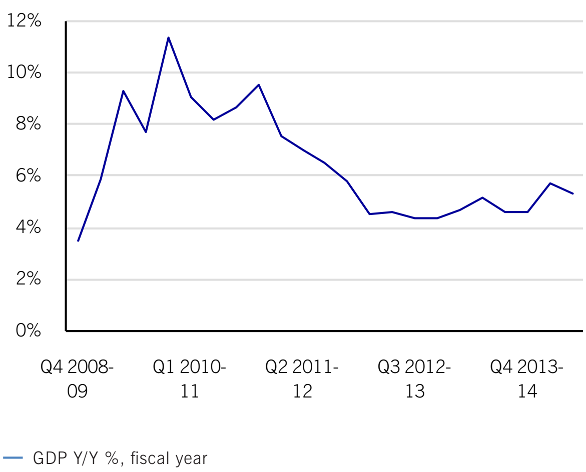
Latest GDP figures showed that the economy slowed slightly in the second quarter of the 2014-15 fiscal year after expanding at the quickest rate for two years in the previous quarter. In the three months to September, the economy grew by 5.3% on the year, down from 5.7% in the previous quarter, although slightly above the 5.2% recorded a year earlier.

The slowdown was primarily due to meagre growth in the manufacturing sector, which expanded only 0.1% in the July-September quarter compared with 3.5% in the previous quarter. Output for agriculture also slowed to 3.2% on the year, compared with 3.8% in the previous quarter and 5% in the same quarter a year earlier. Mining decelerated slightly to 1.9% on the year compared with 2.1% previously. In contrast, GDP was boosted by the service sector, particularly community, social and private services which grew by 9.6% on the year.

On an expenditure basis, personal consumption added 3.5 percentage points to growth, the same contribution as in the previous quarter, while net exports subtracted 0.8 percentage point to GDP growth, having contributed 3.0 percentage points previously. Investment spending failed to contribute to GDP growth in the July-September quarter after adding 2.3 percentage points in the previous quarter.

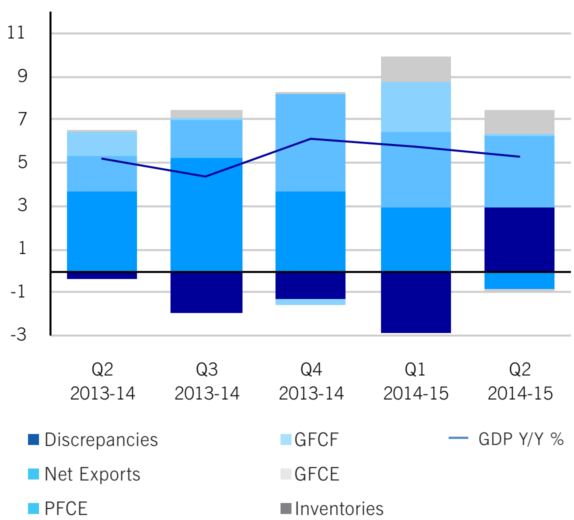
The Ministry of Statistics has announced that it will recalibrate the way it measures India's GDP to reflect informal and under-represented economic sectors. GDP data is presently based at 2003-04 prices and is due to

Economic Growth



Source: Central Statistical Organisation, India

Contribution to Economic Growth



Source: Central Statistical Organisation, India be rebased to 2011-12 prices 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. It is now at 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 for 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.

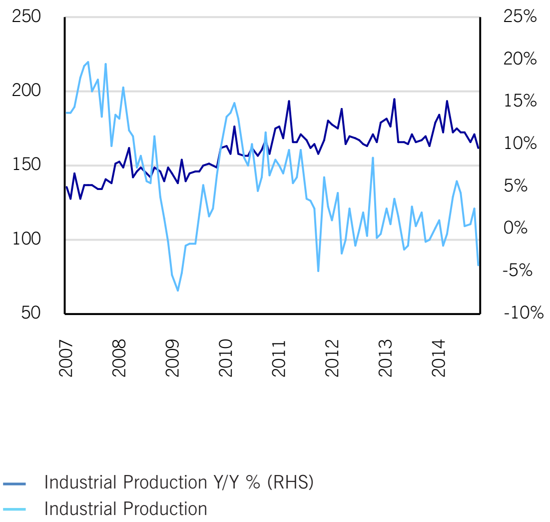
RBI Consumer Confidence improves

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.

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.

More recent monthly data from the MNI India Consumer Sentiment Survey has shown confidence easing in recent months. The MNI India Consumer Sentiment Indicator fell to a year-low in November, with current conditions hitting the lowest level for two years.

Industrial Production



Source: Central Statistical Organisation, India

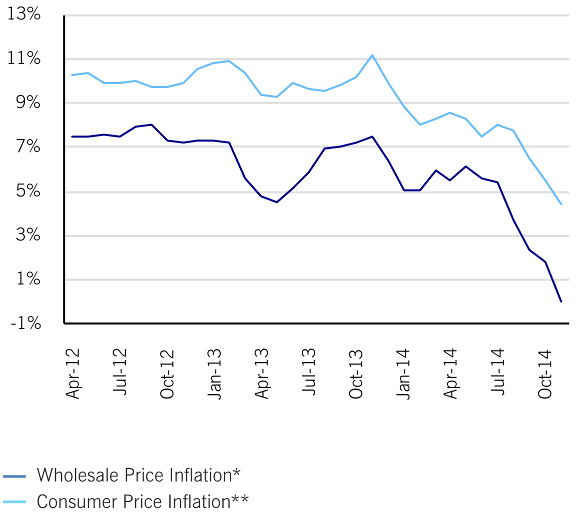
Industrial output shrinks in October

Industrial production unexpectedly contracted by 4.2% on the year in October, following growth of 2.8% in September. Accordingly, cumulative growth for the April-October period of the 2014-15 fiscal year fell to 1.9% over the corresponding period in the 2013-14 fiscal year.

The fall in industrial production was led by manufacturing, which contributes about 75% to industrial output. Manufacturing output contracted by 7.6% on the year following revised growth of 2.9% in the previous month. 16 out of the 22 industry groups within the manufacturing sector contracted in October. The industry group 'Radio, TV and communication equipment & apparatus' saw the largest contraction (-70.2%), with output declining for the sixth consecutive month. This sector was followed by a 31.6% decline in 'Office, accounting & computing machinery' and a 24.7% decline in 'Furniture and manufacturing not elsewhere classified'.

Mining output grew for the 12th month in a row by 5.2% on the year in October compared with revised growth of 0.3% in September. Output of consumer durables, a measure of consumer demand, contracted for the fifth consecutive month by 35.2% on the year. Capital goods output, a proxy for investment, rose by 2.3% on the year.

Inflation



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

Consumer price inflation hits record low

Consumer price inflation, which the Reserve Bank of India targets, fell to a historic low of 4.4% in November from 5.5% in October, marking the sixth consecutive month it has been below the RBI's inflation target of 8% by January 2015, and the second time it has been below the January 2016 target of 6%.

Food price inflation, which makes up almost half of the basket, eased to 3.1% from 5.6% in the previous month led by vegetable prices which contracted by 10%. Core CPI inflation, which excludes food and energy, slowed to 5.5% on the year from 5.9% in October. Favourable base effects and falling global oil prices should help to ease pressure on food prices until the year end. Thereafter base effects will turn less favourable although the weak price of oil should help to cap inflation.

The previously targeted measure of inflation, based on the wholesale price index, stagnated in November from 1.8% in October due to a sharp fall in fuel prices.

Repo rate unchanged at 8%

The Reserve Bank of India left the key policy rate at 8% at its monetary policy meeting on December 2, but indicated that a rate cut was likely early in 2015. 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.
Following the meeting Governor Rajan stated that a cut to the current rate would be premature given that inflation could rise from its current record low level as the base effect from the previous year dissipates. Nevertheless, he said that policy was likely to be loosened early next year if the current disinflationary momentum continues given encouraging developments on the fiscal side.

Lower fiscal budget deficit

In the April-October period, the government budget deficit stood at Rs 4.76 trillion, compared with Rs. 4.58 trillion last year. Government receipts totalled Rs. 4.86 trillion, higher than Rs. 4.64 trillion a year earlier. Out of this, net tax receipts were Rs. 3.69 trillion, higher than Rs. 3.56 trillion last year. Total expenditure was Rs. 9.62 trillion compared with Rs. 9.22 trillion a year earlier.

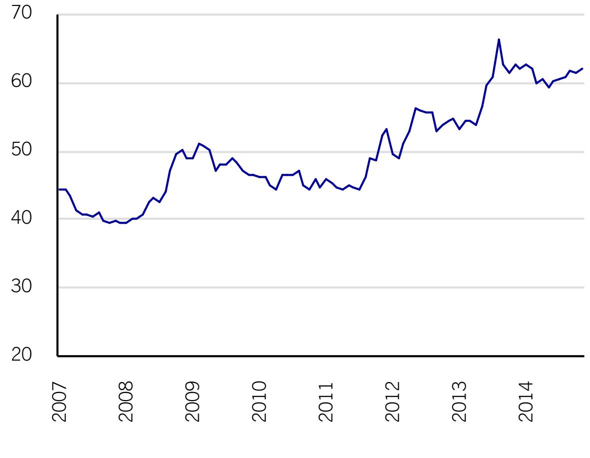
In his maiden budget, Finance Minister Arun Jaitley stuck to the fiscal deficit target of 4.1% of GDP for 2014-15 set by his predecessor Palaniappan Chidambaram in the interim budget. He plans to shrink the budget shortfall subsequently to 3.6% and 3% of GDP in the following years.

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.

The government has also 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.

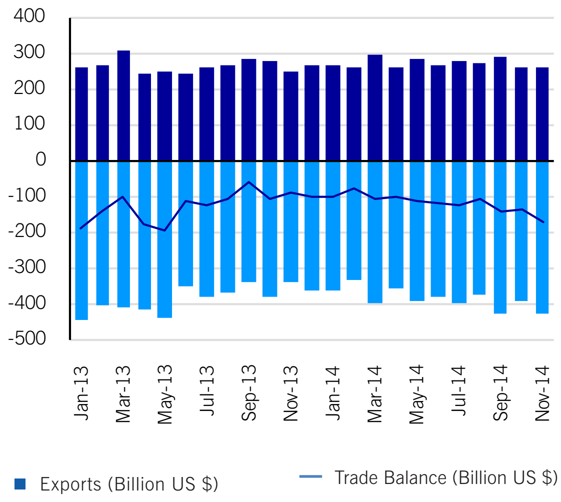
In spite of such fiscal prudence, there are doubts as to whether the government can attain its 2014-15 target given that the fiscal deficit for the April-October period already stands at 89.6% of the budget estimate of Rs 5.31 trillion.

Rupee Exchange Rate



Source: Reuters

Trade Balance



Source: Ministry of Commerce and Industry

Trade deficit widens in November

India's trade deficit widened to an 18-month high of $16.9 billion in November from $13.4 billion in October, significantly above the $9.6 billion shortfall recorded in November a year earlier when stringent curbs on gold imports were first imposed.

Exports rose by 7.3% on the year to $26 billion in November after falling 5% to $26.1 billion in October. Imports surged by 26.8% on the year to $42.8 billion in November from $39.5 billion in October because of higher demand for gold and consumer goods during the festival season.

Gold imports jumped to $5.6 billion in November from just $0.8 billion a year ago and $4.2 billion a month ago. Demand has been elevated in recent months due to the major festivals and the approaching marriage season but was exacerbated in November by the decision by the Reserve Bank of India to reverse restrictions that force gold importers to set aside a fifth of all their shipments for re-export.

Oil imports fell by 9.7% to $11.7 billion in November from $12.4 billion in October 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 decline

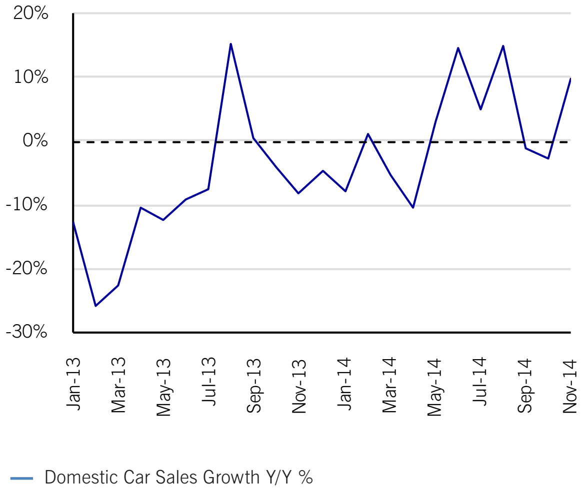
India's foreign exchange reserves fell by $1.64 billion to $314.66 billion in the week to December 5. According to the RBI's weekly statistical supplement, foreign currency assets, the biggest component of foreign exchange reserves, declined by $867.4 million to $289.95 billion while the value of India's gold reserves fell by $0.75 billion to $18.98 billion in the week ending December 5.

There has been some pressure on the Indian rupee due to dollar strength after the US formally ended 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 weakened by 2.7% against the dollar, while foreign institutional investors have bought $17.03 billion during the period from local equity markets.

Car sales rise markedly in November

Car sales in India rose by 10% on the year in November following a decline of 2.6% in October. The fall in fuel prices, as a result of the recent slide in global oil prices, combined with the expected end of a temporary government excise duty in December, accounts for the sharp reversal in the trend. In the April-November

Car Sales



Source: Society of Indian Automobile Manufacturers

period, car sales grew by 2.7% 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 growth was likely to be lower than their forecast unless the economy begins to grow faster.

Sales of commercial vehicles grew by 9% on the year in November after declining by 3% in October. In two-wheelers, sales of scooters were up by 26.5% on the year to 386,547 units in November, while sales for motorcycles were down by 3% to 853,254.

Business confidence eased for the third consecutive month to the lowest level since May...

... although sentiment was 18.3% above the level seen a year ago highlighting the turnaround in sentiment seen over the past year.

Indicators

The MNI India Business Indicator declined by 0.7% to 68.4 in December from 68.9 in November, with greater optimism in the construction sector outweighed by a decline in sentiment among manufacturing and service sectors.

MNI India Business Indicator
Lowest Since May

The MNI India Business Indicator declined by 0.7% to 68.4 in December from 68.9 in November, with greater optimism in the construction sector outweighed by a decline in sentiment among manufacturing and service sector companies.

Business confidence eased for the third consecutive month to the lowest level since May, when Modi was elected Prime Minister. However, sentiment was 18.3% above the level seen a year ago highlighting the turnaround in sentiment seen over the past year.

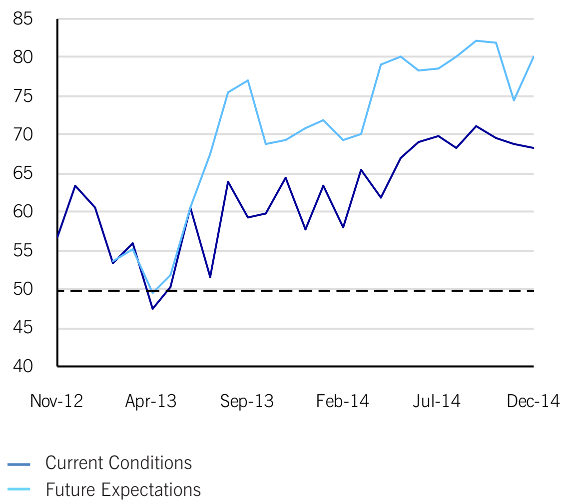
While overall business sentiment only fell slightly, other key indicators in the report showed a more marked slowdown. Production eased to the lowest level since August, while New Orders declined to the lowest level in a year following the conclusion of the major Indian festivals. Export Orders decreased for the fourth consecutive month, not helped by the appreciation of the rupee.

Sentiment fell slightly in the final quarter of 2014, averaging 69.0 in the three months to December compared with 69.9 in the previous quarter, although it was far above the outturn of 60.7 seen in the same quarter of 2013, showing that business confidence is more buoyant than a year ago.

Latest GDP figures showed that the economy slowed slightly in the June-September quarter after expanding at the quickest rate for two years in the previous quarter. In the three months to September, the economy grew by 5.3% on the year, down from 5.7% previously, although slightly above the 5.2% recorded a year earlier.

GDP growth has a good correlation with the quarterly movements in the MNI India Business Sentiment Indicator. The fall in sentiment in the three months to

MNI India Business Indicator



"The crude oil prices are reduced which resulted in industrial growth." **Food product manufacturing company**

"There is low demand in the market at this time of year." **Personal products manufacturing company**

"The paper industry in general is not doing well, because of both demand and supply problems." **Paper manufacturing company**

MNI India Business Indicator

	Dec-13	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14
Current Conditions	57.8	70.0	68.4	71.2	69.7	68.9	68.4

December suggests GDP growth could ease somewhat in the final quarter of 2014.

The majority of our panellists were upbeat about the future, with the Expectations indicator rising to 80.2 in December from 74.6 in November. Both manufacturing and service sector companies raised their expectations for business conditions, while construction companies were more pessimistic although the indicator remained above the 50 expansion/contraction line.

While overall sentiment was lower, the continued easing in inflationary pressures evident in the survey adds further weight to the view that the Reserve Bank of India will cut the repo rate early in 2015.

In December, 12 out of the 15 current conditions indicators included in the survey declined, although only one was below the 50 threshold that separates expansion from contraction. Consumers were, however, much more optimistic about the future, with nine of the 15 future expectations indicators rising this month.

Sectors - Overall Business Conditions

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

"Because inflation is much more in control now and a rate cut is on the cards, we expect business to improve." **Investment services company**

"Business gets better from the month of December until the month of April." **Clothing and accessories manufacturing company**

"We have signed a new contract with a company so our production and profit will increase." **Footwear manufacturing company**

MNI India Business Indicator

	Dec-13	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14
Future Expectations	71.1	78.6	80.3	82.4	82.0	74.6	80.2

Orders

New Orders Lowest in a Year

Amid the appreciation in the rupee, external demand for Indian goods and services decreased while domestic demand continued to cool following the conclusion of the major Indian festivals.

While overall business sentiment has risen sharply this year helped by the “Modi boost”, orders for goods and services have been much more subdued. New Orders slid by 5.9% to 60.8 in December from 64.6 in November. They are now barely above the level they were at in December 2013, which raises questions about just how strong the recovery has been over the past year.

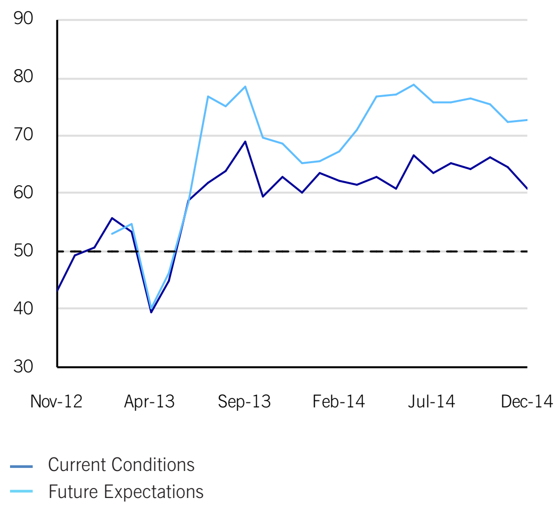
Both manufacturing and service sector companies reported they had received fewer orders in December. In contrast, most construction companies reported a sharp rise in the number of orders placed.

Overseas demand for Indian goods and services, which had been steadily rising, declined sharply in December as the recent strengthening of the rupee made Indian goods and services more expensive to foreign businesses. The Export Orders Indicator fell for the fourth consecutive month to 56.8 from 61.6, the lowest since October 2013. Latest official data revealed Indian exports rose by 7.2% on the year in November after contracting by 5% in October.

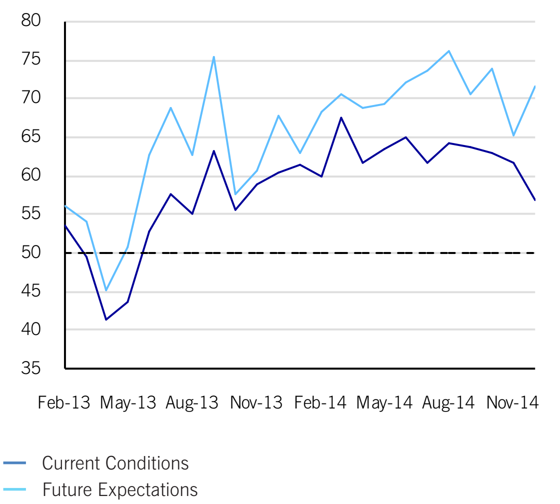
As both domestic and foreign demand eased, Order Backlogs fell into contraction in December. The indicator fell by 3.5% on the month to 49.0 from 50.8 in November, the lowest since July.

Companies did, however, remain optimistic that demand for their goods and services would grow in the coming three months. The Expectations Indicator for New Orders

New Orders



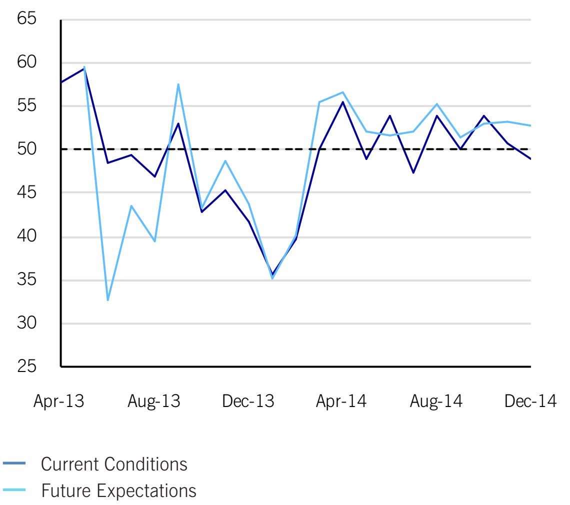
Export Orders



Orders - Current Conditions

	Dec-13	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14
New Orders	60.3	63.4	65.3	64.3	66.2	64.6	60.8
Export Orders	60.5	61.7	64.3	63.8	63.0	61.6	56.8
Order Backlogs	41.7	47.4	54.0	50.0	53.8	50.8	49.0

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

"We are improving our execution capabilities which has enabled us to supply all the backlogs." **Heavy construction company**

"Our exports have fallen as many of our clients have gone for holidays for the occasion of Christmas." **Iron and steel manufacturing company**

"Before the festival season the market orders were good. They are slightly low now." **Automobile parts manufacturing company**

was broadly unchanged at 72.6 in December compared with 72.4 in November.

Expectations for orders from overseas in the coming three months improved much more markedly by 9.6% to 71.6 in December from 65.3 in the previous month. In spite of the significant rise this month, in Q4 expectations for export orders were 4.3% below the level seen in the previous quarter.

Orders - Future Expectations

	Dec-13	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14
New Orders	65.4	75.7	75.6	76.4	75.3	72.4	72.6
Export Orders	67.9	73.6	76.1	70.5	73.9	65.3	71.6
Order Backlogs	43.7	52.0	55.2	51.5	52.9	53.2	52.8

Output and Employment
Production Falls

In the face of weaker demand companies scaled back their production slightly, although reported no change in their employment position.

The Production Indicator fell to 64.2 in December from 67.3 in November, the lowest level since August. While construction companies reported that they had increased output in December, a greater proportion of companies in both the manufacturing and service sectors reported that they had scaled back output.

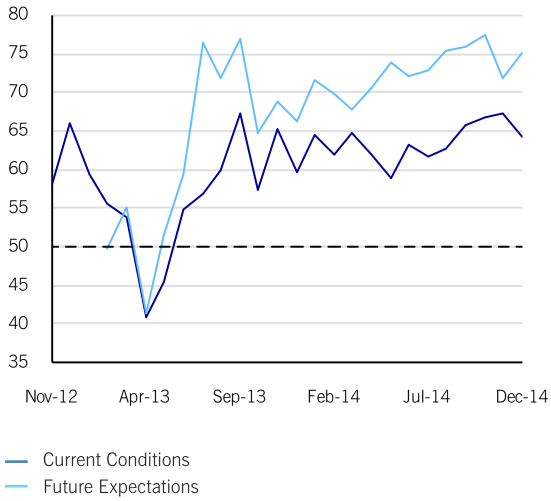
In spite of the recent fall in production, the strength seen in the previous two months lifted the September-December average by 4.3% from the level seen in the previous quarter. Latest official data revealed a worrying fall in industrial production which contracted by 4.2% on the year in October after growing by 2.4% in September.

Companies were more positive about production in the coming three months, with the expectations indicator rising to 75.1 in December from 71.9 in the previous month.

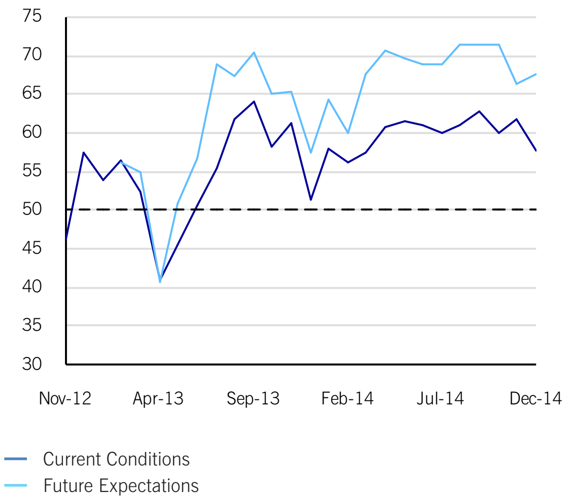
In spite of the increase in overall business sentiment over the past year, companies have been reluctant to take on more workers. In December, the Employment Indicator remained stable at 50.0, implying that companies have the right number of employees. While the manufacturing sector was more optimistic about increasing its workforce in December, those from the construction sector were more pessimistic.

Companies' expectations for the number of employees in the coming three months remained stable at 52.4 in December from 52.3 in November, having trended down over the course of this year.

Production



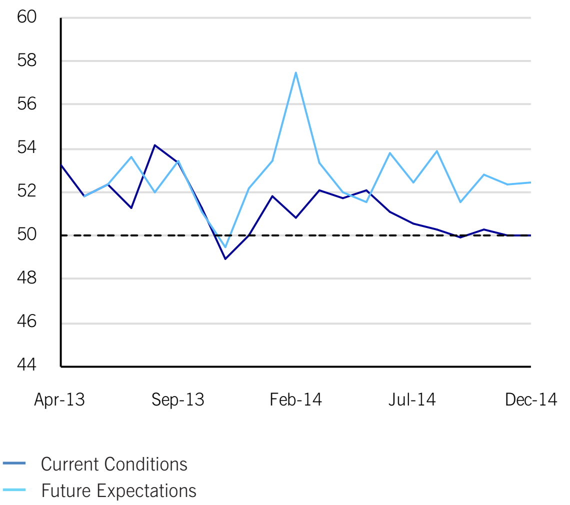
Productive Capacity



Output and Employment - Current Conditions

	Dec-13	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14
Production	59.7	61.8	62.7	65.7	66.7	67.3	64.2
Productive Capacity	51.3	59.9	60.9	62.8	60.1	61.8	57.7
Employment	50.0	50.5	50.3	49.9	50.3	50.0	50.0

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

"Due to the low demand, we have reduced the production." **Personal products manufacturing company**

"Good management and control over the bottle necks has improved our capacity." **Software services company**

"We will downsize our organisation in the months to come." **Clothing and accessories manufacturing company**

Productive capacity fell by 6.6% to 57.7 in December from 61.8 in the previous month, the lowest since March. A growing proportion of companies had expanded their productive capacity over the past few months to meet increased demand boosted by the recent festival season.

Output and Employment - Future Expectations

	Dec-13	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14
Production	66.2	72.9	75.5	75.8	77.3	71.9	75.1
Productive Capacity	57.5	68.9	71.4	71.3	71.4	66.3	67.6
Employment	52.2	52.4	53.9	51.5	52.8	52.3	52.4

Prices

Input Prices Lowest on Record

While the appreciation in the rupee meant that a greater proportion of companies reported that the exchange rate was hurting business, the disinflationary trend seen since the start of the year has impacted positively on Indian businesses.

Both price measures eased in December, with input prices hitting a record low and falling faster than the prices companies charge for their goods and services.

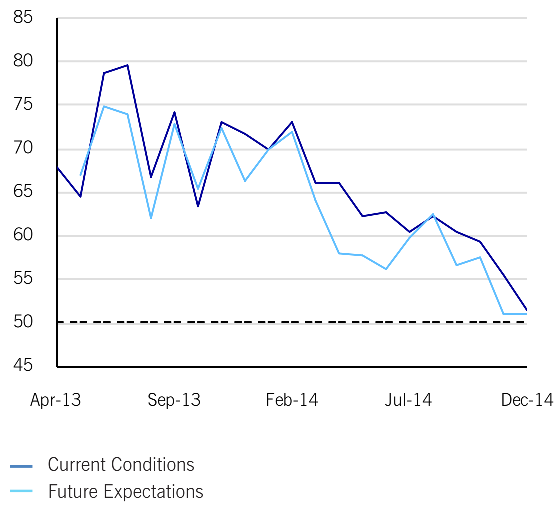
The Input Prices indicator fell to 51.5 in December from 55.6 in November, the lowest in the history of the survey. Firms' expectations for prices over the coming three months remained broadly stable at 51.1 compared with 50.9 in November, although remain significantly below the series average of 63.6.

Across all three sectors, fewer companies paid higher prices for their inputs in December. In particular, the proportion of companies in the service sector that paid lower prices for their inputs in December outnumbered those reporting an increase, pushing the indicator into contraction for the first time in the history of the survey.

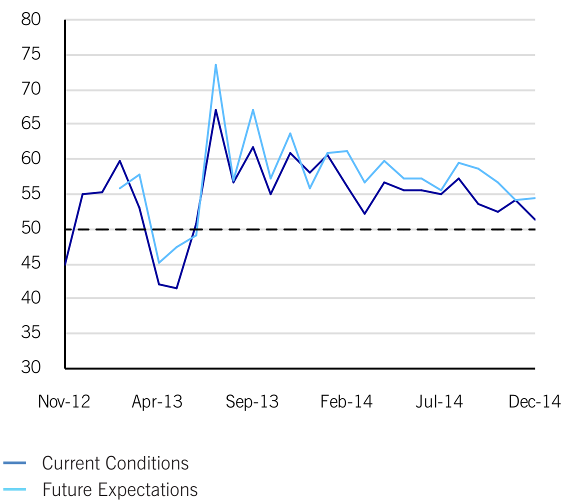
Fewer companies reported that they charged higher prices for their goods and services in December, pushing down the Prices Received indicator to 51.3 from 54.3 in November. The fall was led by both manufacturing and service sector companies, while construction companies left their prices unchanged in December.

Expectations for the prices companies would receive in three months' time remained much more stable, with the indicator standing at 54.4 compared with 54.1 in November. In spite of lower expectations for input prices, both construction and service sector companies expected to charge higher prices over the next three

Input Prices



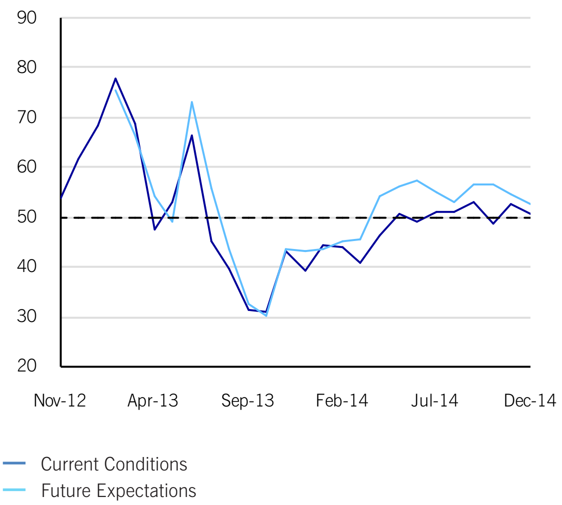
Prices Received



Prices - Current Conditions

	Dec-13	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14
Input Prices	71.8	60.4	62.2	60.4	59.4	55.6	51.5
Prices Received	58.0	54.9	57.3	53.6	52.6	54.3	51.3
Exchange Rate	39.4	51.1	51.2	53.0	48.8	52.8	50.8

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 lower price of crude oil has reduced our costs." **Diversified Industrials manufacturing company**

months, in contrast to manufacturing companies who anticipated that they would decline.

The trend in the Prices Received Indicator over the past year has been closely matched by official inflation data. Wholesale price inflation stagnated in November after growing by just 1.8% in October.

While in December companies benefited from lower input prices, the appreciation of the rupee impacted negatively on the cost of doing business.

The exchange rate movement is captured well by our panel's perception of the effect of the rupee on business conditions. Our survey shows the strengthening in the Indian rupee in recent months has been a drag on confidence. The indicator measuring the Effect of the Rupee Exchange Rate contracted by 3.8% to 50.8 in December, bringing the overall decline in the effect of the rupee exchange rate to 2% in the October-December quarter.

Fewer companies anticipated that they would be helped by the exchange rate in the coming three months, with the expectations indicator falling to 52.8 from 54.7 in November. This decline was observed among manufacturing and service sector firms with only construction companies expecting the rupee exchange rate to be favourable to their business in the short-term.

Prices - Future Expectations

	Dec-13	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14
Input Prices	66.4	59.8	62.4	56.7	57.6	50.9	51.1
Prices Received	56.0	55.5	59.6	58.6	56.6	54.1	54.4
Exchange Rate	43.2	55.1	53.3	56.8	56.5	54.7	52.8

Money and Credit

Credit Availability at the Lowest Since February

Credit was slightly more expensive and less available in December, impacting negatively on the financial position of our panel of Indian companies.

Indian companies reported credit was less available with the indicator falling to 58.1 in December from 59.5 in the previous month, the lowest level since February. All three sectors reported a worsening in credit availability in December.

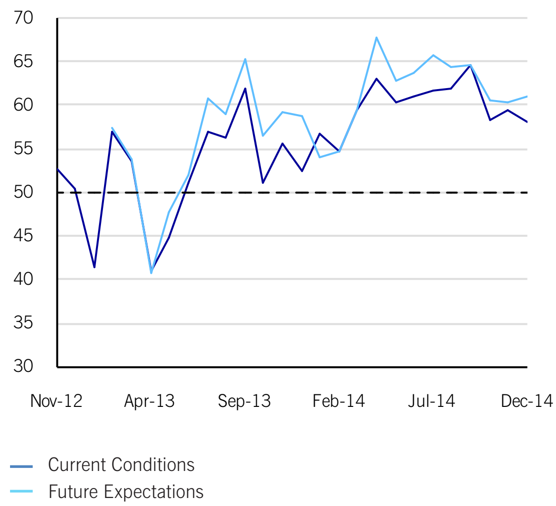
In spite of the latest easing, access to credit has increased by 10.5% over the past year, and has trended up since the summer of 2013. The improvement owes much to the cut in the statutory liquidity ratio (SLR), the mandatory amount of bonds lenders must keep with the central bank. The SLR has been cut by 50 basis points twice since June to 22% of deposits, in a move to boost liquidity and lower interbank rates.

In spite of the latest fall, companies continued to anticipate greater credit availability over the coming three months, with expectations rising to 61.0 in December from 60.4 in the previous month.

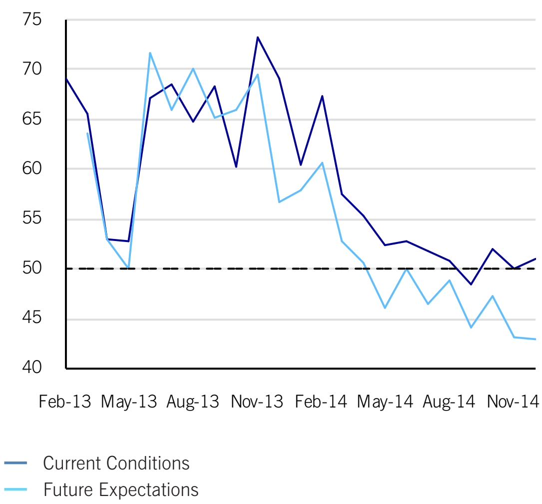
Between November and December, more companies reported that credit costs increased, although the majority said they were unchanged compared with the previous month. The Interest Rates Paid Indicator rose to 51.1 in December from 50.0 in November, although it was substantially below the outturn of 69.2 recorded in December 2013.

Expectations for interest costs have also trended down since November last year after remaining elevated throughout most of 2013. More companies in our panel anticipated that interest rates would fall over the coming three months, with the expectations indicator declining

Availability of Credit



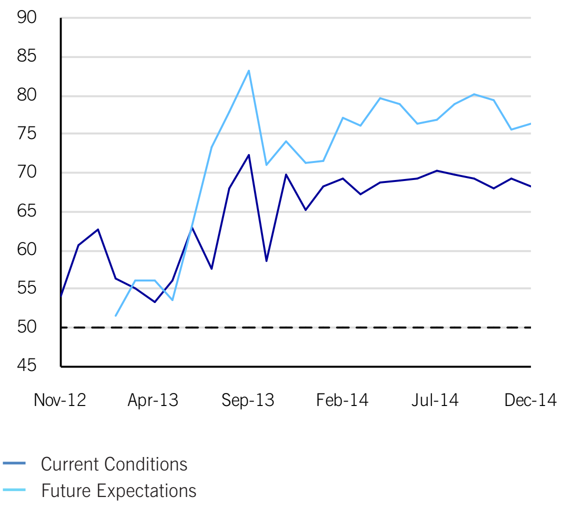
Interest Rates Paid



Money and Credit - Current Conditions

	Dec-13	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14
Availability of Credit	52.6	61.7	62.1	64.6	58.3	59.5	58.1
Interest Rates Paid	69.2	51.8	50.8	48.5	52.0	50.0	51.1
Financial Position	65.2	70.3	69.8	69.2	68.0	69.4	68.3

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

"The credit is available in the market but the banks are hesistant in taking out new loans." **Specialty financial services company**

"We are expecting some deduction in the interest rates from the government." **Heavy construction company**

"The fourth quarter is always the best quarter of the financial year." **Industrial machinery manufacturing company**

slightly to a series low of 43.0 in December from 43.2 in November.

Following the December monetary meeting of the Reserve Bank of India, Governor Raghuram Rajan said that it was possible that the repo rate would be cut early in 2015.

In line with the decline in business confidence in December, companies' financial position fell to 68.3 from 69.4 in November. Only manufacturing companies reported their financial position worsened in December, offsetting the improvement among both construction and service sector companies.

In contrast, a greater number of companies were bullish about their future financial position with expectations rising to 76.5 in December from 75.6 in the previous month. The outturn was 7.9% above the level seen a year earlier.

Money and Credit - Future Expectations

	Dec-13	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14
Availability of Credit	58.8	65.8	64.5	64.8	60.6	60.4	61.0
Interest Rates Paid	56.8	46.4	48.9	44.2	47.3	43.2	43.0
Financial Position	71.3	76.9	78.8	80.2	79.5	75.6	76.5

Logistics
Companies Return to Stock Building

An increasing number of companies reported that they were building up their stock levels while their suppliers' delivery times had become shorter.

The level of Finished Goods Inventories rose to 51.3 in December from 48.9 in November, the first rise in five months and the highest level since September.

December's rise was not enough to compensate for the declines seen in previous months, leaving the Q4 average at 50.5, the lowest level in the history of the survey. Some of the weakness, though, is seasonal as firms tend to run down their stocks at the end of the year as demand softens after the festival period ends.

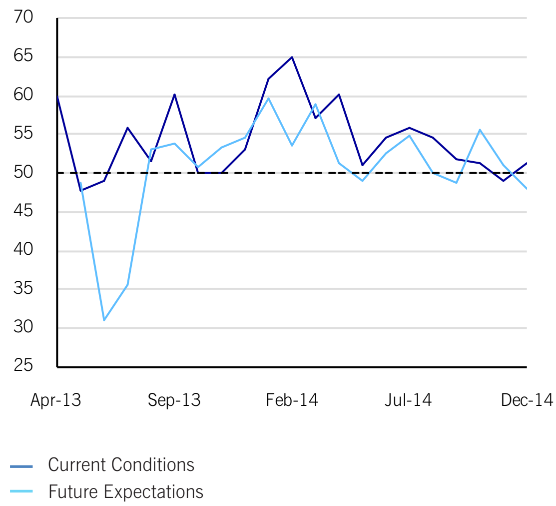
At the beginning of the year, stocks were high due to subdued demand and the poor economic climate but these look now to have been eroded following the festival season.

Expectations for Inventories of Finished Goods in three months' time fell into contraction to 47.9 in December from 50.9 in October in spite of the economy showing some tentative signs of a pick-up in demand in the following months.

Subdued demand meant that suppliers of key inputs were able to fulfil orders quicker, with our panel reporting that delivery times shortened to 51.4 in December from 53.2 in the previous month.

Companies anticipated that delivery times would be even shorter than previously thought, with the expectations indicator falling to 51.9 from 55.1 in November, the lowest level since the start of the year.

Inventories



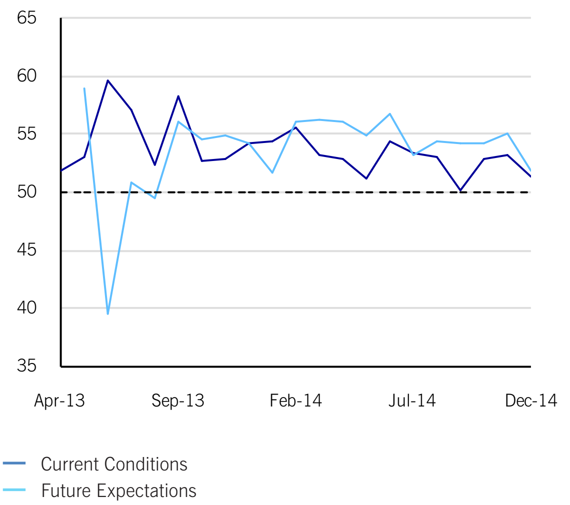
"We have the production capacity but there is not enough demand in the market so our inventories have increased." **Clothing and accessories manufacturing company**

"Due to the fluctuation in raw material prices, we had stopped buying the material so our suppliers was cautioned. But now that the prices have stabilised, they are taking less time to deliver." **Commodity chemicals manufacturing company**

Logistics - Current Conditions

	Dec-13	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14
Inventories	53.1	55.9	54.5	51.8	51.2	48.9	51.3
Supplier Deliveries	54.2	53.5	53.1	50.2	53.0	53.2	51.4

Supplier Delivery Times



"Demand is low so products will be delivered quickly." **Food products manufacturing company**

"We are expecting a lot of new orders at the beginning of next year and so we have been building our stocks." **Iron and steel manfacturing company**

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

Logistics - Future Expectations

	Dec-13	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14
Inventories	54.6	54.8	50.0	48.8	55.6	50.9	47.9
Supplier Deliveries	54.2	53.3	54.5	54.3	54.3	55.1	51.9

What the Panel Said

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

"The crude oil prices are reduced which resulted in industrial growth." **Food product manufacturing company**

"There is low demand in the market at this time of year." **Personal products manufacturing company**

"The paper industry in general is not doing well, because of both demand and supply problems." **Paper manufacturing company**

"Because inflation is much more in control now and a rate cut is on the cards, we expect business to improve." **Investment services company**

"Business gets better from the month of December until the month of April." **Clothing and accessories manufacturing company**

"We have signed a new contract with a company so our production and profit will increase." **Footwear manufacturing company**

"We are improving our execution capabilities which has enabled us to supply all the backlogs." **Heavy construction company**

"Our exports have fallen as many of our clients have gone for holidays for the occasion of Christmas." **Iron and steel manufacturing company**

"Before the festival season the market orders were good. They are slightly low now." **Automobile parts manufacturing company**

"Due to the low demand, we have reduced the production." **Personal products manufacturing company**

"Good management and control over the bottle necks has improved our capacity." **Software services company**

"We will downsize our organisation in the months to come." **Clothing and accessories manufacturing company**

"The lower price of crude oil has reduced our costs." **Diversified Industrials manufacturing company**

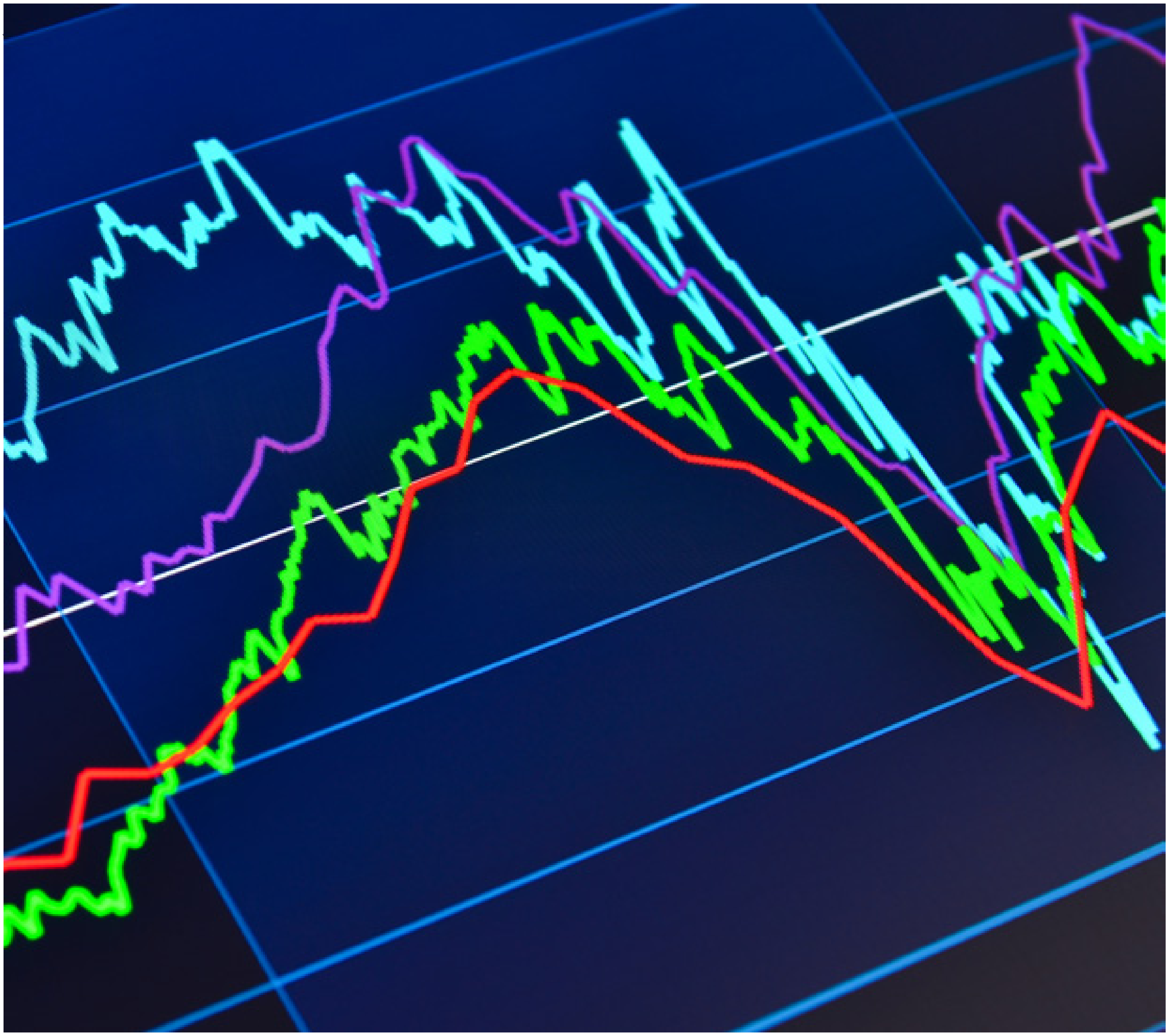
"The credit is available in the market but the banks are hesistant in taking out new loans." **Specialty financial services company**

"We are expecting some deduction in the interest rates from the government." **Heavy construction company**

"The fourth quarter is always the best quarter of the financial year." **Industrial machinery manufacturing company**

"Demand is low so products will be delivered quickly." **Food products manufacturing company**

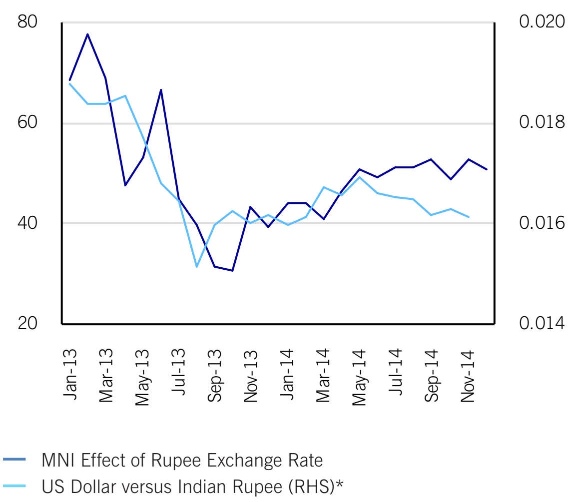
"We are expecting a lot of new orders at the beginning of next year and so we have been building our stocks." **Iron and steel manfacturing company**



Correlation Charts

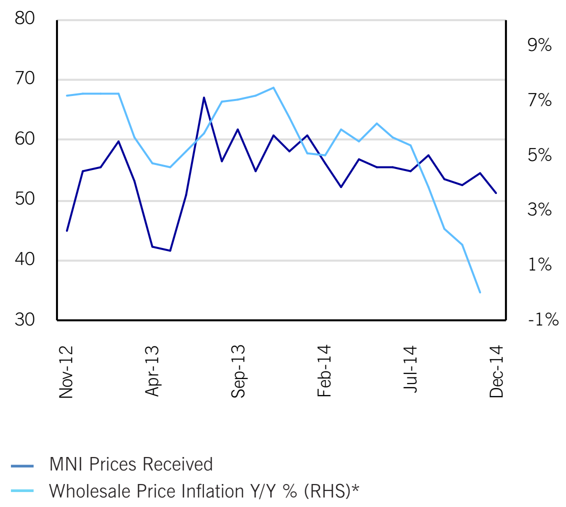
Our indicators closely track official Indian economic data.

Exchange Rate



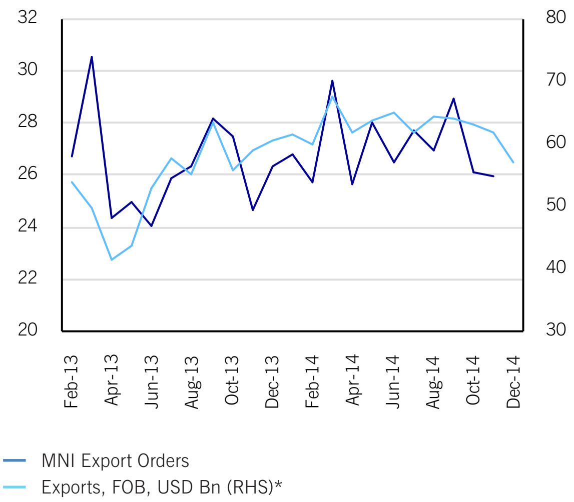
Source: *Reuters

Inflation



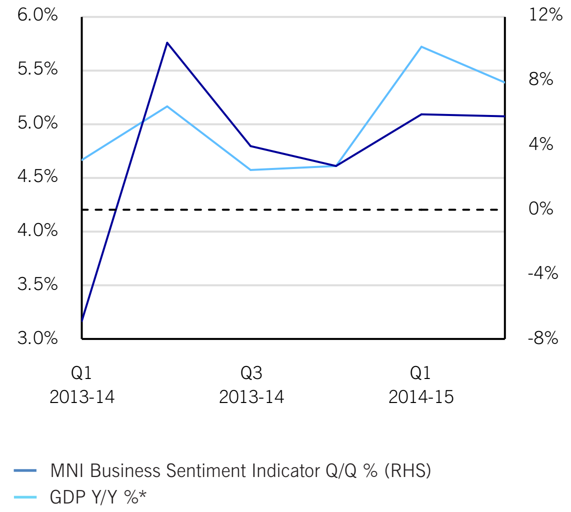
Source: *Office of the Economic Advisor, India

Export Orders



Source: *Indian Ministry of Commerce and Industry

GDP



Source: *Central Statistical Organisation, India

Data tables

39 Historical Summary

40 Historical Records

41 Historical Records - Quarterly

Historical Summary

	2013 Dec	2014 Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
MNI India Business Indicator													
Current Conditions	57.8	63.4	58.2	65.5	61.9	67.0	69.2	70.0	68.4	71.2	69.7	68.9	68.4
Future Expectations	71.1	72.0	69.5	70.1	79.1	80.3	78.5	78.6	80.3	82.4	82.0	74.6	80.2
Production													
Current Conditions	59.7	64.4	62.0	64.8	62.0	59.0	63.2	61.8	62.7	65.7	66.7	67.3	64.2
Future Expectations	66.2	71.6	69.7	67.7	70.6	73.9	72.1	72.9	75.5	75.8	77.3	71.9	75.1
New Orders													
Current Conditions	60.3	63.6	62.3	61.5	62.9	60.9	66.7	63.4	65.3	64.3	66.2	64.6	60.8
Future Expectations	65.4	65.5	67.2	70.9	76.9	77.0	78.6	75.7	75.6	76.4	75.3	72.4	72.6
Export Orders													
Current Conditions	60.5	61.4	59.8	67.4	61.7	63.5	65.0	61.7	64.3	63.8	63.0	61.6	56.8
Future Expectations	67.9	62.9	68.2	70.6	68.8	69.4	72.0	73.6	76.1	70.5	73.9	65.3	71.6
Productive Capacity													
Current Conditions	51.3	58.0	56.1	57.4	60.7	61.5	60.9	59.9	60.9	62.8	60.1	61.8	57.7
Future Expectations	57.5	64.3	60.0	67.5	70.7	69.6	68.9	68.9	71.4	71.3	71.4	66.3	67.6
Order Backlogs													
Current Conditions	41.7	35.6	39.8	50.0	55.4	49.0	53.9	47.4	54.0	50.0	53.8	50.8	49.0
Future Expectations	43.7	35.2	40.1	55.4	56.7	52.1	51.7	52.0	55.2	51.5	52.9	53.2	52.8
Employment													
Current Conditions	50.0	51.8	50.8	52.1	51.7	52.1	51.1	50.5	50.3	49.9	50.3	50.0	50.0
Future Expectations	52.2	53.4	57.5	53.3	52.0	51.5	53.8	52.4	53.9	51.5	52.8	52.3	52.4
Inventories													
Current Conditions	53.1	62.1	64.9	57.2	60.0	50.9	54.5	55.9	54.5	51.8	51.2	48.9	51.3
Future Expectations	54.6	59.5	53.5	58.8	51.3	49.0	52.5	54.8	50.0	48.8	55.6	50.9	47.9
Input Prices													
Current Conditions	71.8	69.8	73.0	66.0	66.1	62.2	62.6	60.4	62.2	60.4	59.4	55.6	51.5
Future Expectations	66.4	69.9	72.0	64.0	58.0	57.8	56.2	59.8	62.4	56.7	57.6	50.9	51.1
Prices Received													
Current Conditions	58.0	60.6	56.2	52.2	56.8	55.6	55.6	54.9	57.3	53.6	52.6	54.3	51.3
Future Expectations	56.0	60.9	61.2	56.6	59.8	57.4	57.2	55.5	59.6	58.6	56.6	54.1	54.4
Financial Position													
Current Conditions	65.2	68.2	69.3	67.2	68.9	69.1	69.3	70.3	69.8	69.2	68.0	69.4	68.3
Future Expectations	71.3	71.5	77.2	76.1	79.6	79.0	76.5	76.9	78.8	80.2	79.5	75.6	76.5
Interest Rates Paid													
Current Conditions	69.2	60.5	67.3	57.6	55.3	52.3	52.7	51.8	50.8	48.5	52.0	50.0	51.1
Future Expectations	56.8	57.9	60.7	52.8	50.7	46.1	50.0	46.4	48.9	44.2	47.3	43.2	43.0
Effect of Rupee Exchange Rate													
Current Conditions	39.4	44.3	44.2	40.8	46.4	50.8	49.4	51.1	51.2	53.0	48.8	52.8	50.8
Future Expectations	43.2	43.6	45.2	45.5	54.4	56.4	57.5	55.1	53.3	56.8	56.5	54.7	52.8
Supplier Delivery Times													
Current Conditions	54.2	54.4	55.6	53.2	52.9	51.2	54.5	53.5	53.1	50.2	53.0	53.2	51.4
Future Expectations	54.2	51.7	56.2	56.3	56.2	54.9	56.8	53.3	54.5	54.3	54.3	55.1	51.9
Availability of Credit													
Current Conditions	52.6	56.8	54.9	59.6	63.1	60.4	61.1	61.7	62.1	64.6	58.3	59.5	58.1
Future Expectations	58.8	54.1	54.8	59.5	67.8	63.0	63.7	65.8	64.5	64.8	60.6	60.4	61.0

Historical Records

	2012 - Current			
	Minimum	Maximum	Mean	Median
MNI India Business Indicator				
Current Conditions	47.5	71.2	61.9	62.7
Future Expectations	49.7	82.4	70.8	72.0
Production				
Current Conditions	41.0	67.3	60.2	61.9
Future Expectations	41.3	77.3	67.6	71.6
New Orders				
Current Conditions	39.7	69.1	59.1	61.7
Future Expectations	40.4	78.6	68.3	72.4
Export Orders				
Current Conditions	41.3	67.4	58.3	60.5
Future Expectations	45.2	76.1	65.4	68.2
Productive Capacity				
Current Conditions	41.0	64.0	56.7	57.9
Future Expectations	40.7	71.4	64.0	67.4
Order Backlogs				
Current Conditions	35.6	59.3	49.2	49.4
Future Expectations	32.8	59.6	48.9	51.9
Employment				
Current Conditions	48.9	54.1	51.3	51.3
Future Expectations	49.5	57.5	52.6	52.4
Inventories				
Current Conditions	47.8	64.9	54.3	53.1
Future Expectations	31.0	59.5	50.6	51.9
Input Prices				
Current Conditions	51.5	79.6	66.1	66.0
Future Expectations	50.9	74.9	63.6	63.2
Prices Received				
Current Conditions	41.5	67.1	54.7	55.2
Future Expectations	45.1	73.7	57.5	57.2
Financial Position				
Current Conditions	53.4	72.3	64.6	68.1
Future Expectations	51.6	83.3	72.1	76.1
Interest Rates Paid				
Current Conditions	48.5	73.2	59.2	57.6
Future Expectations	43.0	71.7	55.6	52.9
Effect of Rupee Exchange Rate				
Current Conditions	30.9	77.8	50.5	50.1
Future Expectations	30.1	75.5	52.2	54.2
Supplier Delivery Times				
Current Conditions	50.2	59.6	53.7	53.1
Future Expectations	39.5	59.0	53.7	54.6
Availability of Credit				
Current Conditions	41.1	64.6	55.7	57.0
Future Expectations	40.9	67.8	58.8	59.5

Historical Records - Quarterly

	Q4 13	Q1 14	Q2 14	Q3 14	Q4 14	Quarterly Change	Quarterly % Change
MNI India Business Indicator							
Current Conditions	60.7	62.4	66.0	69.9	69.0	-0.9	-1.3%
Future Expectations	69.8	70.5	79.3	80.4	78.9	-1.5	-1.9%
Production							
Current Conditions	60.8	63.7	61.4	63.4	66.1	2.7	4.3%
Future Expectations	66.6	69.7	72.2	74.7	74.8	0.1	0.1%
New Orders							
Current Conditions	60.9	62.5	63.5	64.3	63.9	-0.4	-0.6%
Future Expectations	67.8	67.9	77.5	75.9	73.4	-2.5	-3.3%
Export Orders							
Current Conditions	58.3	62.9	63.4	63.3	60.5	-2.8	-4.4%
Future Expectations	62.1	67.2	70.1	73.4	70.3	-3.1	-4.2%
Productive Capacity							
Current Conditions	56.9	57.2	61.0	61.2	59.9	-1.3	-2.1%
Future Expectations	62.6	63.9	69.7	70.5	68.4	-2.1	-3.0%
Order Backlogs							
Current Conditions	43.3	41.8	52.8	50.5	51.2	0.7	1.4%
Future Expectations	45.3	43.6	53.5	52.9	53.0	0.1	0.2%
Employment							
Current Conditions	50.1	51.6	51.6	50.2	50.1	-0.1	-0.2%
Future Expectations	50.9	54.7	52.4	52.6	52.5	-0.1	-0.2%
Inventories							
Current Conditions	51.0	61.4	55.1	54.1	50.5	-3.6	-6.7%
Future Expectations	52.9	57.3	50.9	51.2	51.5	0.3	0.6%
Input Prices							
Current Conditions	69.4	69.6	63.6	61.0	55.5	-5.5	-9.0%
Future Expectations	68.1	68.6	57.3	59.6	53.2	-6.4	-10.7%
Prices Received							
Current Conditions	57.9	56.3	56.0	55.3	52.7	-2.6	-4.7%
Future Expectations	59.0	59.6	58.1	57.9	55.0	-2.9	-5.0%
Financial Position							
Current Conditions	64.6	68.2	69.1	69.8	68.6	-1.2	-1.7%
Future Expectations	72.2	74.9	78.4	78.6	77.2	-1.4	-1.8%
Interest Rates Paid							
Current Conditions	67.6	61.8	53.4	50.4	51.0	0.6	1.2%
Future Expectations	64.1	57.1	48.9	46.5	44.5	-2.0	-4.3%
Effect of Rupee Exchange Rate							
Current Conditions	37.9	43.1	48.9	51.8	50.8	-1.0	-1.9%
Future Expectations	38.9	44.8	56.1	55.1	54.7	-0.4	-0.7%
Supplier Delivery Times							
Current Conditions	53.3	54.4	52.9	52.3	52.5	0.2	0.4%
Future Expectations	54.6	54.7	56.0	54.0	53.8	-0.2	-0.4%
Availability of Credit							
Current Conditions	53.2	57.1	61.5	62.8	58.6	-4.2	-6.7%
Future Expectations	58.2	56.1	64.8	65.0	60.7	-4.3	-6.6%

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