MNI India Business Report

January 2015

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) which has been available since November 2012. 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

Release Time
Embargoed until 9:45 a.m. Mumbai time
January 28, 2015

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

www.mni-indicators.com
@MNIIndicators
MNI Indicators

MNI India Business Report - January 2015
Contents

New Year, New Beginning

After a long wait, the start of 2015 has brought cheer to Indian businesses after the Reserve Bank of India's Governor announced a 25 basis point cut in the repo rate on January 15.

After a long wait, the start of 2015 has brought cheer to Indian businesses after the Reserve Bank of India's Governor announced a 25 basis point cut in the repo rate on January 15 citing lower than expected inflation and greater reassurance from the government that it would meet its fiscal deficit target for the year ending March 2015.

Times have changed. Oil prices have plummeted 60% from their June 2014 peak, largely due to a mismatch in demand and supply. Demand from Europe, China and Japan has weakened while supply is rising on account of the US shale boom and the reluctance of OPEC to lower its target production ceiling.

What do lower oil prices mean for India? Falling energy prices helped push CPI inflation to an all-time low of 4.4% in November, less than half the 11.2% rate seen in November 2013, before picking up slightly in December. This has allowed the RBI to ease monetary policy sooner than otherwise would have been the case.

Falling oil prices are also a blessing for the Indian economy in terms of growth. India imports more than two-thirds of its oil requirement, which comprises around 30% of total imports. Declining global crude prices reduce India's import bill and will significantly reduce its balance of payments deficit. Latest data showed that the trade deficit narrowed to a 10-month low in December as the value of oil imports dropped 28.6% from a year earlier. As an illustration, a dollar decrease in the oil price could cut Rs. 40 billion from the government's oil import bill. For businesses, lower input costs are expected to lift profit margins and potentially strengthen their balance sheets. This should leave companies better placed to start new projects or revive stalled ones, generate new jobs and investment. Cheap oil also puts more money into the hands of consumers for discretionary spending.

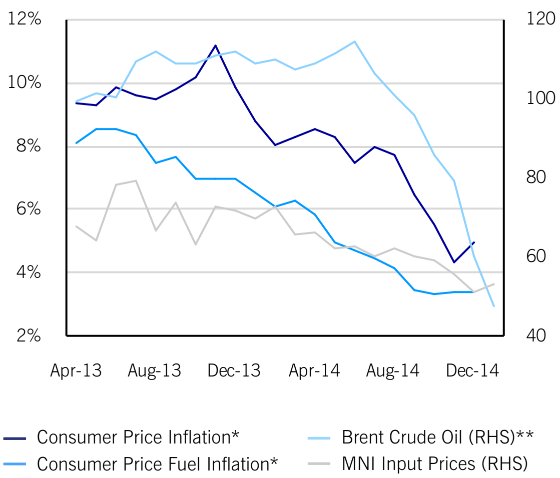
Moreover, the government has proactively capped the budget subsidy on cooking gas and eliminated the subsidy on diesel. This will in turn ease pressure on the government's ambitious deficit target of 4.1% of GDP, which it is finding difficult to achieve due to slower than expected divestment and lower tax receipts. More importantly, oil savings can be directed towards much-needed infrastructure investment, which has been slow to take off.

With disinflationary pressures set to continue, there is greater optimism that the RBI will be successful in achieving its inflation target. This increased fiscal discipline and further reforms by the government should allow the central bank to cut rates further which should help to spur investment spending and boost economic growth.

The timing of the decline in oil prices could not have been better for India's economy. With China losing momentum, Brazil's future in doubt and Russia set to enter a deep recession, the world is actively looking for another high growth frontier. The government should capitalise on such an opportunity by not wavering on reforms and put its energy into increasing India's productive potential.

Shaily Mittal
@ShailyMittal
Economist
MNI Indicators

Oil Prices and Inflation



Source: *MOSPI, **ICIS Pricing

Executive Summary

Business confidence eased for the fourth consecutive month to the lowest level since April 2014, the month before Narendra Modi was elected as Prime Minister.

Business confidence eased for the fourth consecutive month to the lowest level since April 2014, the month before Narendra Modi was elected as Prime Minister. Sentiment is almost 10% down from its peak in September and barely above the level in January 2014.

The MNI India Business Indicator experienced the sharpest fall in 11 months, declining 6.1% to 64.2 in January from 68.4 in December 2014. The majority of our panellists remained upbeat about the future, although the Expectations Indicator declined to 76.1 in January from 80.2 in December.

The “Modi boost” we witnessed following the election has waned gradually as businesses have become increasingly disappointed with a lack of concrete reforms to lift the economy out of its current slump. It was companies within the manufacturing sector in particular, a key focus of the incumbent government, which revised down their perception of the current business environment.

Along with overall business sentiment, key activity metrics such as New Orders, Production and Order Backlogs all fell below the average for 2014 in January. New Orders declined to 60.7, the lowest in just over a year, while Production fell to a six-month low of 62.5 this month.

One of the biggest concerns among companies was the appreciation of the Indian rupee with one-fifth of companies reporting that the current exchange rate was hurting their business operations, causing the Effect of the Rupee Exchange Rate Indicator to fall to 44.3 this month. The recent strengthening of the rupee was partially responsible for the further cooling in overseas demand for Indian goods and services, with the Export Orders Indicator falling for the fifth consecutive month to 56.5 in January.

The Reserve Bank of India’s (RBI) decision to cut the key policy rate by 25 basis points to 7.75% in early January, came a tad late in our survey period to have a material impact on this month’s results, with the Interest Rates Paid Indicator only falling by 2.5 points to 48.6 in January.

Companies in our panel also reported that credit was more available with the indicator rising to 60.3 in January from 58.1 in December, the highest level since September 2014. In spite of cheaper and more readily available credit, companies reported a deterioration in their financial position to 66.4 in January, the worst level for more than a year.

One positive from the survey this month was that companies were willing to take on more workers, as reflected by the improvement in the Employment Indicator to 50.8 in January from 50.0 in December, a seven-month high.

In January, 10 out of the 15 current conditions indicators included in the survey declined and four were below the 50 threshold that separates expansion from contraction. Fewer businesses were optimistic about the future, with nine of the 15 future expectations indicators declining this month.

Overview

	Nov-14	Dec-14	Jan-15	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
MNI India Business Indicator								
Current Conditions	68.9	68.4	64.2	-	Apr-14	67.2	-4.2	-6.1%
Future Expectations	74.6	80.2	76.1	-	Nov-14	77.0	-4.1	-5.1%
Production								
Current Conditions	67.3	64.2	62.5	-	Jul-14	64.7	-1.7	-2.6%
Future Expectations	71.9	75.1	74.1	-	Nov-14	73.7	-1.0	-1.3%
New Orders								
Current Conditions	64.6	60.8	60.7	-	Dec-13	62.0	-0.1	-0.2%
Future Expectations	72.4	72.6	74.1	Oct-14	-	73.0	1.5	2.1%
Export Orders								
Current Conditions	61.6	56.8	56.5	-	Oct-13	58.3	-0.3	-0.5%
Future Expectations	65.3	71.6	70.4	-	Nov-14	69.1	-1.2	-1.7%
Productive Capacity								
Current Conditions	61.8	57.7	56.0	-	Dec-13	58.5	-1.7	-2.9%
Future Expectations	66.3	67.6	70.4	Oct-14	-	68.1	2.8	4.1%
Order Backlogs								
Current Conditions	50.8	49.0	49.0	Dec-14	-	49.6	0.0	0.0%
Future Expectations	53.2	52.8	52.9	Nov-14	-	53.0	0.1	0.2%
Employment								
Current Conditions	50.0	50.0	50.8	Jun-14	-	50.3	0.8	1.6%
Future Expectations	52.3	52.4	51.7	-	Sep-14	52.1	-0.7	-1.3%
Inventories								
Current Conditions	48.9	51.3	48.6	-	May-13	49.6	-2.7	-5.3%
Future Expectations	50.9	47.9	49.2	Nov-14	-	49.3	1.3	2.7%
Input Prices								
Current Conditions	55.6	51.5	53.2	Nov-14	-	53.4	1.7	3.3%
Future Expectations	50.9	51.1	53.7	Oct-14	-	51.9	2.6	5.1%
Prices Received								
Current Conditions	54.3	51.3	51.1	-	Jun-13	52.2	-0.2	-0.4%
Future Expectations	54.1	54.4	52.8	-	Jun-13	53.8	-1.6	-2.9%
Financial Position								
Current Conditions	69.4	68.3	66.4	-	Dec-13	68.0	-1.9	-2.8%
Future Expectations	75.6	76.5	75.6	-	Jan-14	75.9	-0.9	-1.2%
Interest Rates Paid								
Current Conditions	50.0	51.1	48.6	-	Sep-14	49.9	-2.5	-4.9%
Future Expectations	43.2	43.0	40.2	-	series low	42.1	-2.8	-6.5%
Effect of Rupee Exchange Rate								
Current Conditions	52.8	50.8	44.3	-	Mar-14	49.3	-6.5	-12.8%
Future Expectations	54.7	52.8	52.2	-	Mar-14	53.2	-0.6	-1.1%
Supplier Delivery Times								
Current Conditions	53.2	51.4	52.5	Nov-14	-	52.4	1.1	2.1%
Future Expectations	55.1	51.9	51.8	-	Jan-14	52.9	-0.1	-0.2%
Availability of Credit								
Current Conditions	59.5	58.1	60.3	Sep-14	-	59.3	2.2	3.8%
Future Expectations	60.4	61.0	63.1	Sep-14	-	61.5	2.1	3.4%

Business confidence eased for the fourth consecutive month to the lowest level since April 2014.

Sentiment is 10% down from its peak in September and barely above the level in January 2014.

Economic Landscape

Following the prolonged easing of inflation and the continued weakness in oil prices, the Reserve Bank of India shed its long-held hawkish position and cut the key repo rate by 25 basis points to 7.75% on January 15.

Following the prolonged easing of inflation and the continued weakness in oil prices, the Reserve Bank of India (RBI) shed its long-held hawkish position and cut the key repo rate by 25 basis points to 7.75% on January 15, almost three weeks before a scheduled monetary policy meeting on February 3. Amid low crude oil prices, falling inflation expectations and relatively anaemic economic growth, there is clear scope for the RBI to cut interest rates further. A move after the union budget seems most likely, with some onus on the government to keep the fiscal situation in check and deliver on supply side pledges.

Latest economic data has been encouraging on the whole mainly because of plunging oil prices. Given that India imports three quarters of its oil consumption, the 60% reduction in the oil price has considerably strengthened India's trade position and will boost the government's fiscal arsenal. Inflation picked up slightly in December but remains at a historically low level and averaged 7.2% in 2014, substantially below the 10.1% rate recorded in 2013. Industrial production rebounded in November, buoyed by manufacturing output which grew at the fastest rate in six months.

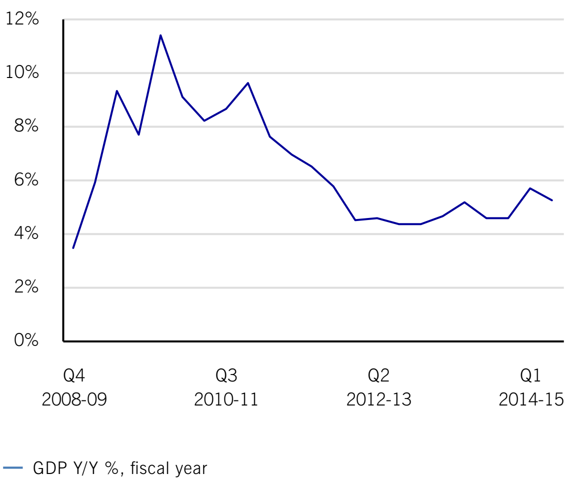
Economic growth slows

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 June quarter, although slightly above the 5.2% recorded a year earlier.

The slowdown was primarily due to meagre growth in the manufacturing sector, which only expanded by 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.

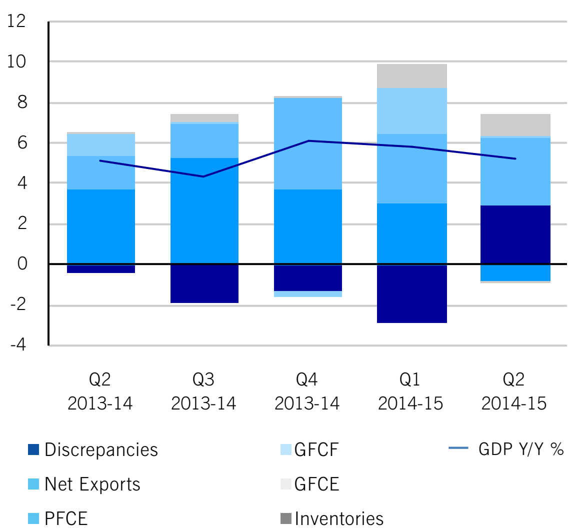
On an expenditure basis, personal consumption added 3.5 percentage points to growth, the same contribution as in the previous quarter, while net exports subtracted 0.8 percentage point to GDP growth, having contributed 3.0 percentage points previously. Investment spending failed to contribute to GDP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

Economic Growth



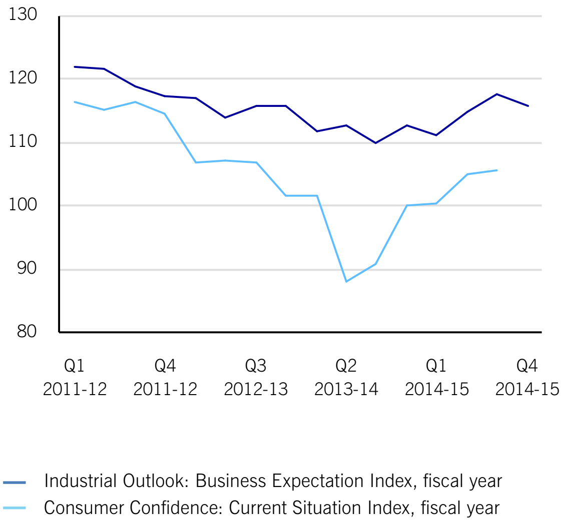
Source: Central Statistical Organisation, India

Contribution to Economic Growth



Source: Central Statistical Organisation, India

RBI Business and Consumer Sentiment



Source: Reserve Bank of India

The official GDP figures for the three months to December are due to be released on February 9. While the easing in inflation should have helped to improve spending, weakness in industrial production points to growth being more subdued than in the previous quarter. Looking forward, India is well placed for stronger growth as falling global commodity prices should help contain inflation and keep the government's fiscal balance in check. This should allow the RBI to cut the key policy rate further, which would help to encourage greater investment in India and boost consumption by reducing the cost of credit.

RBI Industrial Outlook worsens

The RBI's Industrial Outlook Survey showed that the Business Expectation Index (BEI), a gauge of manufacturing business sentiment, declined in the quarter ending March 2015 to 115.6 from a three-year high of 117.7 in the quarter ending December and 112.7 a year earlier.

Manufacturing companies witnessed some moderation in demand during the October-December quarter to 104.6 from the previous quarter's 106.3, the lowest since March 2014.

The slowdown in demand was reflected by declines in both order books and the accumulation of inventories which prompted an easing in production. As a consequence, companies revised down their expectations for business conditions in the subsequent quarter for production, orders, exports as well as employment.

More up-to-date monthly data from the MNI India Business Sentiment Survey has shown business confidence easing in recent months. In January, the MNI India Business Sentiment Indicator fell to a nine-month low, with production and orders waning on the month.

RBI Consumer Confidence improves

The RBI's Consumer Confidence survey showed that the Current Situation Index (CSI), an assessment of consumer sentiment, remained buoyant in the quarter ending December at 105.5, slightly up from 105.0 in the quarter ending September. This was markedly above the 90.7 recorded in the quarter ending December a year earlier.

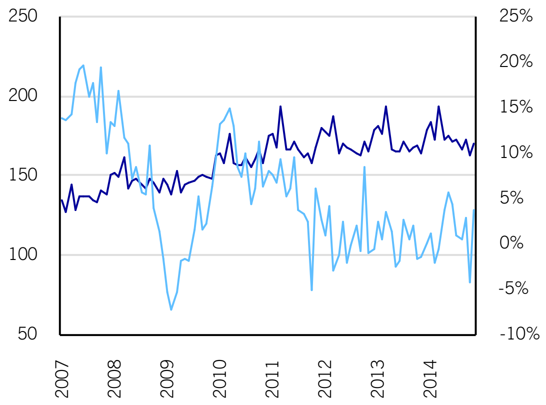
The Future Expectations Index remained robust at 122.2, but slightly down from 123.2 in the quarter ending September as expectations regarding future economic conditions, future household circumstances, future income and future spending all declined. The employment outlook remained consistently stronger with more than 60% of respondents expecting improvement in the employment situation during the latest three quarterly rounds of the survey. Regarding price levels and inflation, consumers were more satisfied with both current conditions and future expectations.

More up-to-date monthly data from the MNI India Consumer Sentiment Survey has shown confidence easing in recent months. In December, the MNI India Consumer Sentiment Indicator fell to a 15-month low, with the current conditions indicator hitting the lowest level on record.

Industrial output expands in November

Industrial production expanded by 3.8% on the year in November following a contraction of 4.2% in October, mainly on account of the lower number of working days due to festivals in October. Accordingly, cumulative growth for the April-November period of the 2014-15 fiscal year rose to 2.2% over the corresponding period in 2013-14. Even though growth has been better in 2014,

Industrial Production



Industrial Production Y/Y % (RHS)
Industrial Production

Source: Central Statistical Organisation, India

it is far from satisfactory and provides additional impetus for the government to take action in order to improve the business environment.

The rise in industrial production was led by manufacturing, which comprises around 75% of overall industrial output. Manufacturing output grew by 3% on the year after contracting by 7.4% in the previous month. 16 out of the 22 industry groups within the manufacturing sector expanded in November. The industry group 'Wearing apparel' saw the largest growth of 19.8%, followed by 17.5% growth in 'Motor vehicles, trailers & semi-trailers'.

Mining output grew for the 13th month in a row by 3.4% on the year in November compared with growth of 4.9% in October. Output of consumer durables, a measure of consumer demand, continues to be a drag on industrial output as it contracted for the sixth consecutive month by 14.5% on the year. Capital goods output, a proxy for investment, rose by 6.5% on the year.

Inflation remains weak

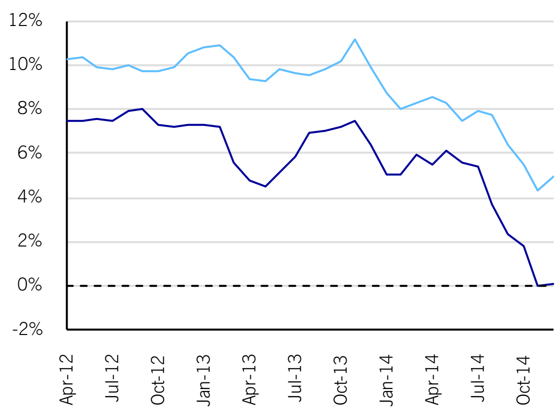
Consumer price inflation, which the RBI targets, picked up to 5% in December from a historic low of 4.4% in November, although, was below market expectations of 5.3%. This was the seventh consecutive month it has been below the RBI's inflation target of 8% by January 2015, and the third time it has been below the January 2016 target of 6%.

Food price inflation, which makes up almost half of the basket, rose to 4.8% from 3.1% in the previous month but contracted 1.3% on the month, mainly led by vegetable prices which contracted 8% on the month. Core CPI inflation, which excludes food and energy, slowed to 5.4% on the year from 5.7% in November. Favourable base effects and falling global oil prices helped to lower inflation to 7.2% in 2014 compared with over 10% a year ago. In 2015, 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, grew marginally by 0.1% on the year in December from November's zero growth.

The Central Statistics Office has announced that it will revise the base year from 2010 to 2012 for the consumer price index from January 2015 onwards. This will also include a change in the composition and weights of various components in the basket based on the consumption pattern in 2011-12.

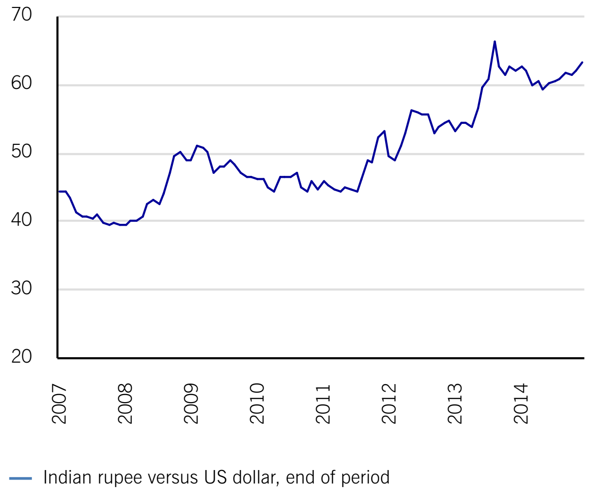
Inflation



Wholesale Price Inflation*
Consumer Price Inflation**

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

Rupee Exchange Rate



Source: Reuters

Repo rate cut to 7.75%

The RBI cut the key policy rate by 25 basis points to 7.75% from 8% on January 15, almost three weeks prior to its scheduled monetary policy meeting on February 3. This was done mainly on the grounds of low inflation given the large fall in international crude prices, weaker than expected demand and on greater reassurance that the government will meet its fiscal deficit target of 4.1% of GDP in the year ending March 2015.

The RBI is now much more confident that it will achieve its 6% inflation target by January 2016 given that inflation expectations and crude oil prices are likely to remain subdued. There is now every possibility the RBI will cut interest rates again following the union budget, although some of the onus lies with government to keep the fiscal situation in check and stick to its supply side pledges.

High fiscal budget deficit

In the April-November period, the government budget deficit stood at Rs 5.25 trillion, compared with Rs. 5.1 trillion last year. Government receipts totalled Rs. 5.49 trillion, higher than Rs. 5.12 trillion a year earlier. Out of this, net tax receipts were Rs. 4.13 trillion, higher than Rs. 3.96 trillion last year. Total expenditure was Rs. 10.74 trillion compared with Rs. 10.21 trillion a year earlier.

Even though expenditures were tightly controlled, poor realisation of revenues raises doubts as to whether the government can hit its 2014-15 target given that the fiscal deficit already stands at 98.9% of the budget estimate of Rs 5.31 trillion in only the first eight months of the fiscal year.

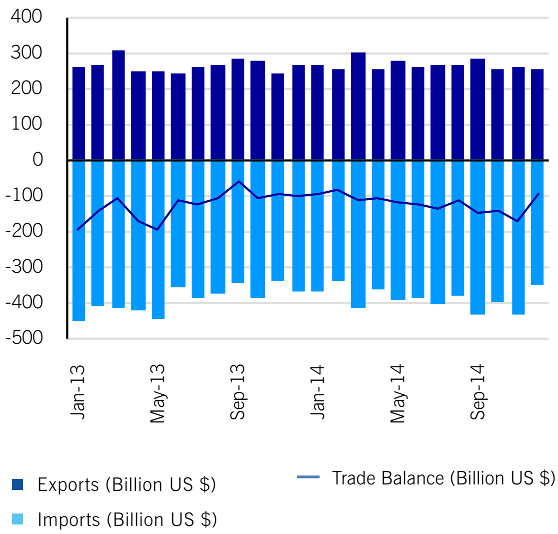
In his maiden budget, Finance Minister Arun Jaitley stuck to the fiscal deficit target of 4.1% of GDP for 2014-15 set by his predecessor Palaniappan Chidambaram in the interim budget. He plans to shrink the budget shortfall subsequently to 3.6% and 3% of GDP in the following years.

The government however remains optimistic that divestment in public ownership should pick-up to gather the much needed cash. It expects revenues worth Rs. 648.4 billion from telecom spectrum auctions, of which Rs. 160 billion is likely to be realised in the current fiscal year. It is likely to sell 10% of its stake in Indian Oil Corp., the country's biggest company, to raise about Rs. 81.5 billion. In 2014-15, the government sold a 5% stake in the Steel Authority of India Limited (SAIL) to garner Rs. 17 billion. It is racing against time to meet its disinvestment target of Rs. 434.25 billion for this fiscal year. Blue-chip companies like the Oil and Natural Gas Corporation (ONGC), the National Hydroelectric Power Corporation (NHPC) and Coal India had been lined up for divestment. In addition, a slew of government austerity measures, such as curbs on foreign travel, conferences, purchase of vehicles and the creation of new posts will also help to contain the budget deficit.

The recent removal of the diesel fuel subsidy should help to alleviate pressures on government finances. The government has raised excise duties on both petrol and diesel four times since it lifted price controls on the latter in October 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 in duties.

Trade deficit narrows in December

India's trade deficit narrowed to a 10-month low of $9.4 billion in December from $16.7 billion in November, Trade Balance



Source: Ministry of Commerce and Industry

7.4% below the $10.2 billion shortfall recorded in December a year earlier. The decline in global oil prices and muted domestic demand have resulted in a trade deficit that was 8.5% narrower during 2014 as a whole compared with a year earlier.

Exports declined by 3.8% on the year to $25.4 billion in December after rising 7.3% to $26 billion in November. Imports declined by 4.8% on the year to $34.8 billion in December from $42.8 billion in November as tumbling oil prices and weak gold demand provided some respite. Oil imports, which account for a third of total imports declined for the third consecutive month as global crude prices have plunged to less than $45 per barrel in January from around $110 per barrel in June 2014. In December, oil imports fell 28.6% to $9.9 billion from $13.9 billion in the same month a year earlier and were at the lowest level since March 2011. This in turn, along with a slower growth in gold imports, helped lower India's import bill and narrow its trade deficit.

Gold imports weakened to $1.34 billion in December from the previous month's total of $5.6 billion, coinciding with the end of the Indian wedding season. Towards the end of November, the RBI surprised markets by abolishing the rule that made it mandatory to export 20% of all imported gold. Still, there are reports that many importers have been reluctant to import gold due to high price volatility and while awaiting greater clarification in the budget, which is due next month.

Foreign exchange reserves rise

India's foreign exchange reserves rose by $2.7 billion to $322 billion in the week to January 16, the biggest weekly accumulation in the past four weeks as the RBI bought dollars from the open market to limit the sharp appreciation in the rupee. According to the RBI's weekly statistical supplement, foreign currency assets, the biggest component of foreign exchange reserves, rose by $2.7 billion to $297.5 billion while the value of India's gold reserves rose by $392.7 million to $19.4 billion in the week ending January 16.

Foreign investors have poured in money to the Indian economy amid high expectations that Prime Minister Narendra Modi's government will bring about pro-business economic reforms and because of the central bank's success in reducing inflation. In January alone, foreign institutional investors bought $210 billion in local equity markets as a result of the further easing in inflation and a rate cut. 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.

Car sales rise markedly in December

Car sales in India rose by 15.3% on the year in December following a rise of 9.5% in November as consumers brought forward their purchases in anticipation of a discontinuation of excise duty concessions on the automobile industry. In 2014, car sales grew by 2.5% to 1.85 million units compared with a contraction of almost 10% a year earlier. Consumers have also benefitted from a reduction in fuel prices in 2014. While this only reduces the cost of the car's maintenance, the price of buying has already grown with the government switching back to previous rates of higher excise duty.

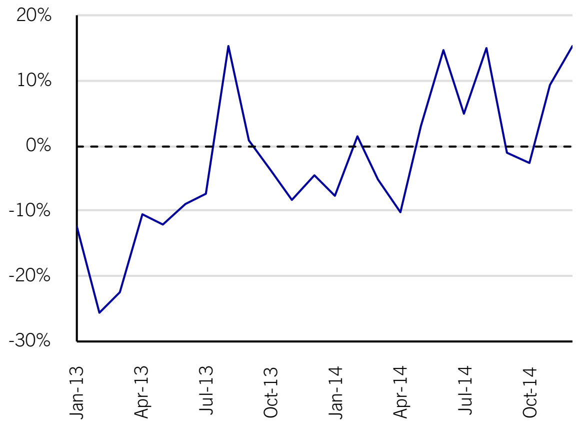
A cut in interest rates might help the car industry recover although will ultimately not be enough to offset the impact of increased car prices due to the withdrawal of excise duty concessions. Consequently, the Society of Indian Automobile Manufacturers (SIAM) has revised down its growth projections for passenger vehicles for

2014-15 to around 1% against its earlier forecast of up to 4%.

Sales of commercial vehicles grew by 9% on the year in December, almost 7% above November's outturn of 47,686 units. Commercial vehicles' sales dropped by almost 12% to 606,284 units in 2014, as real economic activity is yet to pick-up. For two-wheelers, sales of scooters were up by 24% on the year to 374,159 units in December, while sales for motorcycles contracted for the third consecutive month by 3.5% to 779,908. Two wheeler sales have grown remarkably at 11.5% in 2014 compared with a growth of just 4% a year earlier.

The automobile industry was hit in 2014 as sales were relatively poor in comparison with the growth in production. In total, production was 23,267,591 units in 2014, 10% above the level recorded in 2013. In December, production declined 7.2% on the month to 1,850,616 units although was 6.3% above the level recorded a year earlier.

Car Sales



Source: Society of Indian Automobile Manufacturers

Key Monthly Economic Data

	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14
Consumer Price Index (Y/Y %)	7.5	8.0	7.7	6.5	5.5	4.4	5.0
Wholesale Price Index (Y/Y %)	5.7	5.4	3.9	2.4	1.7	0.0	0.1
Industrial Production (Y/Y %)	4.3	0.9	0.5	2.8	-4.2	3.8	-
Car Sales (Y/Y %)	14.8	5.0	15.2	-1.0	-2.6	9.5	15.3
Trade Balance (Million US $)	-122.1	-133.5	-109.5	-145.9	-140.4	-168.6	-94.3
MNI India Business Sentiment Indicator	69.2	70.0	68.4	71.2	69.7	68.9	68.4
MNI India Consumer Sentiment Indicator	126.2	124.1	125.2	124.1	123.7	120.9	119.6

Indicators

The MNI India Business Indicator experienced the sharpest fall in 11 months, declining 6.1% to 64.2 in January from 68.4 in December 2014.

MNI India Business Indicator
Lowest Since April 2014

The MNI India Business Indicator experienced the sharpest fall in 11 months, declining 6.1% to 64.2 in January from 68.4 in December 2014.

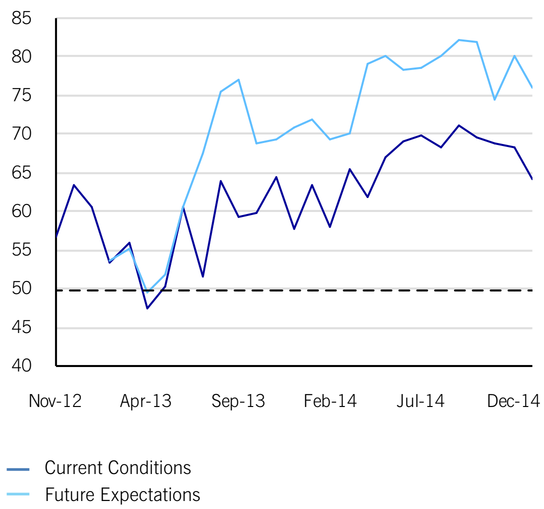
Business confidence eased for the fourth consecutive month to the lowest level since April 2014, the month before Narendra Modi was elected as Prime Minister. Sentiment is almost 10% down from its peak in September and barely above the level in January 2014. The majority of our panellists remained upbeat about the future, although the Expectations Indicator declined to 76.1 in January from 80.2 in December.

The "Modi boost" we witnessed following the election has waned gradually as businesses have become increasingly disappointed with a lack of concrete reforms to lift the economy out of its current slump. It was companies within the manufacturing sector in particular, a key focus of the incumbent government, which revised down its perception of the current business environment.

Along with overall business sentiment, key activity metrics such as New Orders, Production and Order Backlogs all fell below the average for 2014 in January. New Orders declined to the lowest in just over a year, while Production fell to the lowest since July 2014. One of the biggest concerns among companies was the appreciation of the Indian rupee with one-fifth of our panel reporting that the current exchange rate was hurting their business operations.

While the MNI Business Indicator stands significantly above the levels seen in 2013 when India was in the midst of a currency crisis, the continued downturn in sentiment serves as a note of caution to some of the more optimistic forecasts for India's growth. The recent monthly data flow has shown a sharp narrowing in the trade deficit and an increase in industrial output in

MNI India Business Indicator



"Overall business conditions have worsened due to government's inefficiency in taking business decisions." **Iron and steel manufacturing company**

"The market conditions are not good and existing collections are also low." **Real estate holding and development services company**

MNI India Business Indicator

	Jan-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15
Current Conditions	63.4	68.4	71.2	69.7	68.9	68.4	64.2

November. However, activity in the final quarter of 2014 as a whole looks to have weakened from the previous quarter. In spite of the pick-up, industrial production growth has been patchy and the MNI India Business Sentiment Indicator fell slightly to 69.0 in the three months to December compared with 69.9 in the previous quarter, although it was well above the outturn of 60.7 seen in the same quarter of 2013.

The weakness in inflation, helped by the fall in the price of oil, allowed the Reserve Bank of India (RBI) to cut the key policy rate by 25 basis points to 7.75% in early January. The move likely came a bit too late in our survey period to have a material impact on this month's results. The RBI is expected to loosen policy further given weakened inflation expectations and to support growth.

In January, 10 out of the 15 current conditions indicators included in the survey declined and four were below the 50 threshold that separates expansion from contraction. Fewer businesses were optimistic about the future, with nine of the 15 future expectations indicators declining this month.

Sectors - Overall Business Conditions

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

"The government is slow to implement new policies, which is hampering business environment." **Diversified industrials manufacturing company**

"Since weather conditions in North India are bad, our business is poorly affected." **Building materials and fixtures construction company**

MNI India Business Indicator

	Jan-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15
Future Expectations	72.0	80.3	82.4	82.0	74.6	80.2	76.1

Orders

Export Orders Lowest Since October 2013

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

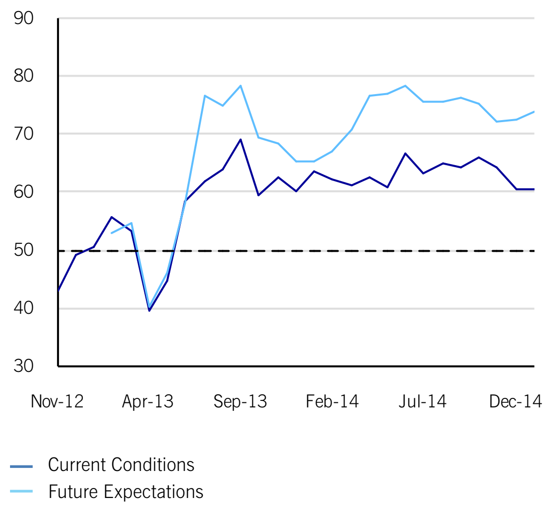
While overall business sentiment rose sharply after elections on the back of the "Modi boost" in 2014, orders for goods and services have been much more subdued. New Orders remained broadly stable at 60.7 in January compared with 60.8 in December. Orders are now below the level they were at in January 2014, raising questions about just how strong the revival in demand has been.

A third of manufacturing companies reported they had received higher orders in January while a higher proportion of construction and service sector companies also reported a rise in the number of orders placed compared with last month.

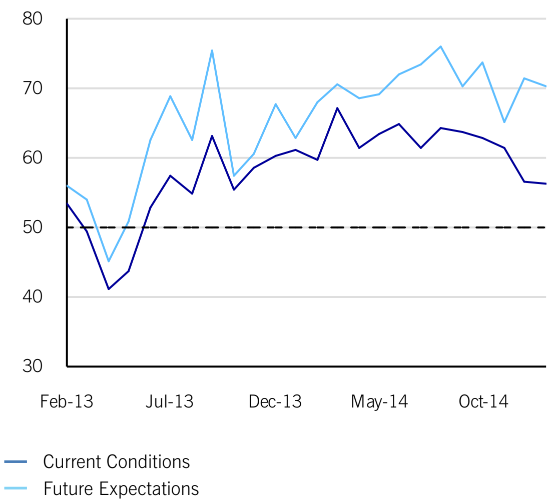
Companies did, however, remain optimistic that demand for their goods and services would grow in the coming three months. The Expectations Indicator for New Orders rose to 74.1 in January from 72.6 in December. Companies within both the construction and service sectors were more optimistic about their future orders.

Overseas demand for Indian goods and services, which had been steadily rising a year ago, declined in part due to the recent strengthening of the rupee. Official data has revealed there has been some softening in Indian exports since September 2014. Latest figures showed Indian exports contracted by 3.8% on the year in December after expanding by 7.3% in November and the three months to December saw a 7.3% contraction in exports compared with the three months to June. The MNI Export Orders Indicator, which presents an advance

New Orders



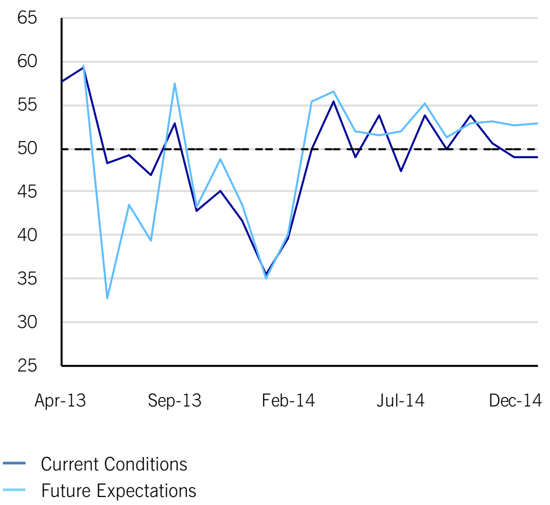
Export Orders



Orders - Current Conditions

	Jan-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15
New Orders	63.6	65.3	64.3	66.2	64.6	60.8	60.7
Export Orders	61.4	64.3	63.8	63.0	61.6	56.8	56.5
Order Backlogs	35.6	54.0	50.0	53.8	50.8	49.0	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

"There is less demand from foreign countries." **Food products manufacturing company**

"We are now expanding business in domestic market and reducing in foreign market." **Electrical components manufacturing company**

"Some orders were cancelled." **Auto parts manufacturing company**

"January to March is a low demand period." **Speciality chemicals manufacturing company**

"Cloth manufacturing industry is seasonal." **Clothing and accessories manufacturing company**

trend of export demand, fell for the fifth consecutive month to 56.5 in January from 56.8 in the previous month, the lowest since October 2013. The Export Orders Indicator was down 6% on the year, more than double the decline in overall New Orders.

There was a corresponding decline in expectations for Export Orders for the coming three months, which eased by 1.7% to 70.4 in January from 71.6 in December.

As both domestic and foreign demand eased slightly, Order Backlogs remained in contraction at 49.0 in January. Manufacturing companies continued to face lower backlogs given relatively subdued demand. Companies were, however, more bullish about demand in the coming three months with the Expectations Indicator above the breakeven level at 52.9 compared with 52.8 in December.

Orders - Future Expectations

	Jan-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15
New Orders	65.5	75.6	76.4	75.3	72.4	72.6	74.1
Export Orders	62.9	76.1	70.5	73.9	65.3	71.6	70.4
Order Backlogs	35.2	55.2	51.5	52.9	53.2	52.8	52.9

Output and Employment
Production Lowest Since July 2014

In the face of weaker demand, companies scaled back their production further, although in spite of the recent weakening in orders and output, they were the most optimistic about employment for seven months.

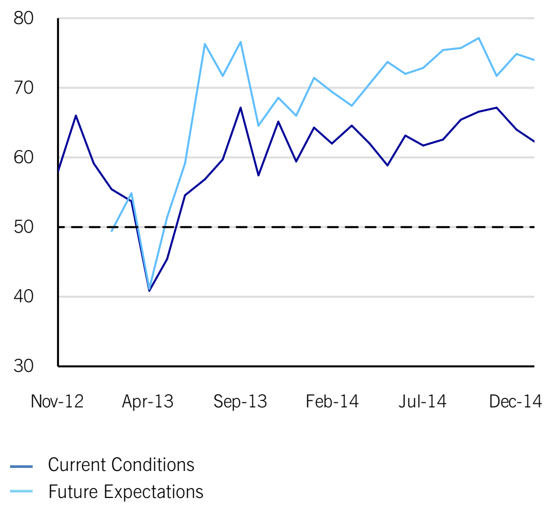
The Production Indicator fell to 62.5 in January from 64.2 in December, the lowest level since July 2014. It's now down 1.9% compared with the same month a year earlier. While more construction companies reported that they had increased output in January, a smaller proportion of manufacturing companies reported that they had done the same. Business activity in the service sector remained broadly stable.

Since the conclusion of the festival season towards the end of 2014, companies have been a little less optimistic about future production. The Expectations Indicator eased to 74.1 in January from 75.1 in December.

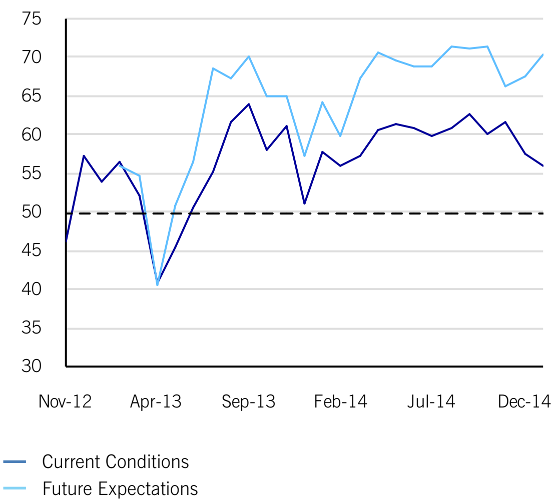
On average, overall business sentiment has picked up over the past year, although there has not been a corresponding increase in output. Certainly, there is little sign that the government has managed to infuse the "Make in India" spirit among manufacturers. The strength of the rupee may be one obstacle to the country's ambition of becoming a manufacturing hub, making imports of goods more economical to domestic production and therefore reducing the attractiveness of manufacturing in India.

One key positive in January was that companies were willing to take on more workers as reflected by the improvement in the Employment Indicator to 50.8 in January from 50.0 in December, a seven-month high. This followed a disappointing second half of 2014 with companies seeing little need for more workers. Companies in the construction sector still remained

Production



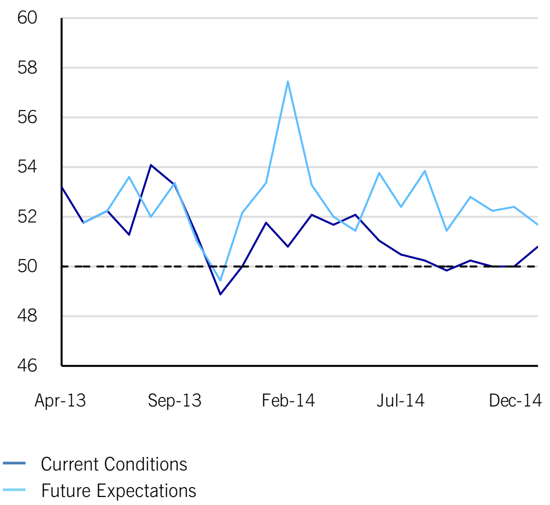
Productive Capacity



Output and Employment - Current Conditions

	Jan-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15
Production	64.4	62.7	65.7	66.7	67.3	64.2	62.5
Productive Capacity	58.0	60.9	62.8	60.1	61.8	57.7	56.0
Employment	51.8	50.3	49.9	50.3	50.0	50.0	50.8

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

"Some staff has retired so we will hire in the coming months." **Speciality chemicals manufacturing company**

"Due to an upcoming project, we will be adding staff." **Software services company**

"Our business season is off now so production capacity was reduced." **Furnishings manufacturing company**

"We are opening few new branches so our capacity will increase." **Speciality retailer services company**

pessimistic, while companies in the manufacturing and services sectors were optimistic with the indicator above 50.

In contrast, companies' expectations for their number of employees in the coming three months decreased to 51.7 in January from 52.4 in December, continuing a trend that persisted throughout the course of last year.

Following the busy festival period, some companies scaled back their productive capacity in a likely effort to cut costs. Productive Capacity fell by almost 3% to 56.0 in January from 57.7 in December, the lowest since December 2013. However, companies were more optimistic about their productive capacity in the next three months with the Expectations Indicator rising by 4.1% to 70.4 in January from 67.6 in the previous month.

Output and Employment - Future Expectations

	Jan-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15
Production	71.6	75.5	75.8	77.3	71.9	75.1	74.1
Productive Capacity	64.3	71.4	71.3	71.4	66.3	67.6	70.4
Employment	53.4	53.9	51.5	52.8	52.3	52.4	51.7

Prices
Exchange Rate Inflicts Pain

Our business survey shows that the strengthening in the rupee in recent months has acted as a drag on Indian business confidence.

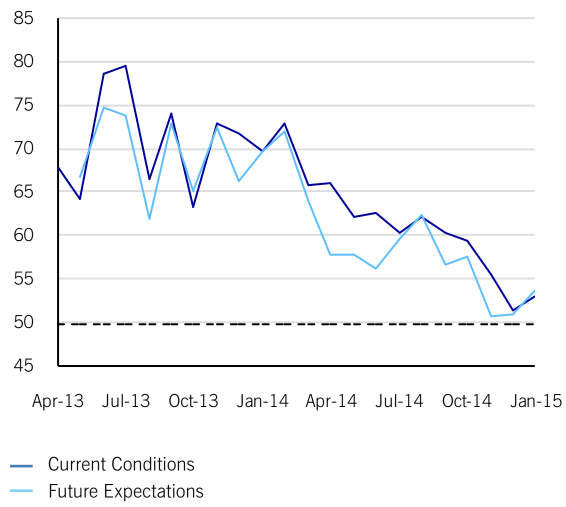
The appreciation in the rupee has adversely impacted companies by reducing the attractiveness of their goods and services to overseas markets. The indicator measuring the Effect of the Rupee Exchange Rate contracted sharply to 44.3 in January from 50.8 in December, with the 12.8% drop on the month placing the indicator at exactly the same level as recorded in January 2013.

The exchange rate movement is captured well by our panel's perception of the effect of the rupee on business conditions. When the rupee depreciated dramatically in the second of 2013, business costs shot up and the Exchange Rate Indicator fell to a record low. The indicator rose firmly through the latter part of 2013 and early 2014 as the rupee recovered. While the currency has started appreciating at a faster rate recently, it is still 3.5% below the value seen over the past year.

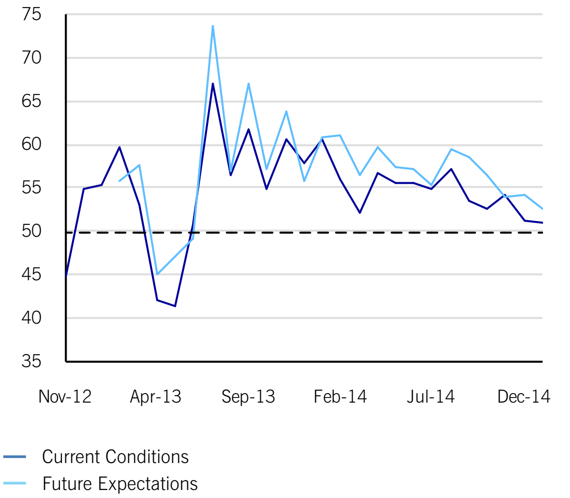
Fewer companies anticipated that they would benefit from the exchange rate in the coming three months, with the Expectations Indicator falling to 52.2 from 52.8 in December. This decline was most evident among both manufacturing and construction sector firms, leaving only service sector companies expecting that the rupee exchange rate would be more favourable to their business in the short-term.

In spite of the rupee's strength and further weakness in oil prices, companies reported that their input prices were higher than the previous month with the Input Prices indicator rising to 53.2 from 51.5 in December. Firms' expectations for prices over the coming three

Input Prices



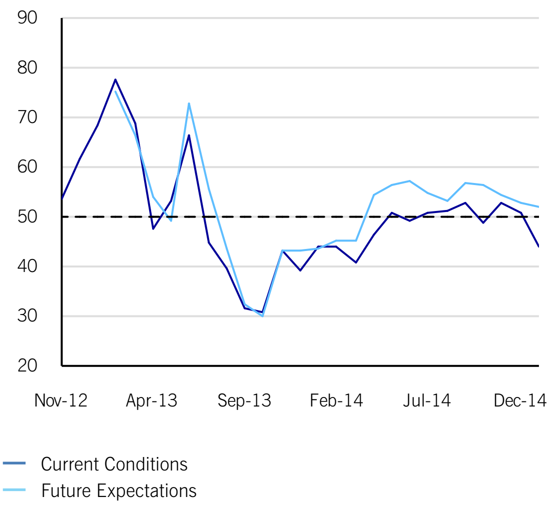
Prices Received



Prices - Current Conditions

	Jan-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15
Input Prices	69.8	62.2	60.4	59.4	55.6	51.5	53.2
Prices Received	60.6	57.3	53.6	52.6	54.3	51.3	51.1
Exchange Rate	44.3	51.2	53.0	48.8	52.8	50.8	44.3

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

"Import cost has gone up." **Industrial machinery manufacturing company**

"Fluctuation in exchange rate hurts us." **Paper manufacturing company**

"The cost of electricity has gone up." **Personal products manufacturing company**

months also rose to a three-month high of 53.7 from 51.1 in December. In particular, a higher proportion of companies in the service and construction sectors paid higher prices for their inputs in January while manufacturing companies remained largely indifferent with the indicator exactly at the 50 level. In spite of January's rise, input prices remained substantially below the series average of 65.5.

Intense competition and poor consumer sentiment has prevented companies from passing on higher prices to end users. Companies charged similar prices for their goods and services in January, with the Prices Received indicator broadly stable at 51.1 compared with 51.3 in December.

After remaining broadly stable in December, fewer companies expected to charge higher prices in three months' time. The indicator eased to 52.8 from 54.4 in January, the lowest since June 2014.

Prices - Future Expectations

	Jan-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15
Input Prices	69.9	62.4	56.7	57.6	50.9	51.1	53.7
Prices Received	60.9	59.6	58.6	56.6	54.1	54.4	52.8
Exchange Rate	43.6	53.3	56.8	56.5	54.7	52.8	52.2

Money and Credit
Interest Rates Paid Contract

In spite of cheaper and more readily available credit, companies reported a deterioration in their financial position to the worst level for more than a year.

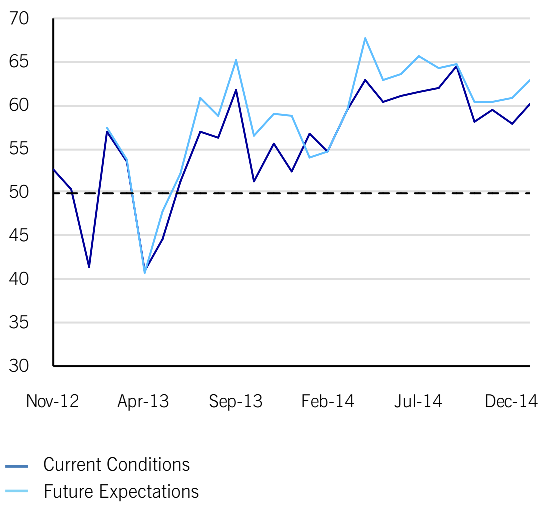
Between December and January, more companies reported that their credit costs had decreased, although the majority of our panel said they had not changed compared with the previous month. The Interest Rates Paid Indicator dived into contraction to 48.6 in January from 51.1 in December and was substantially below the outturn of 60.5 recorded in January 2014.

The Reserve Bank of India (RBI) cut the key interest rate by 25 basis points to 7.75% towards the end of our survey period, due to low inflation and subdued inflationary expectations and therefore, the full impact of this monetary easing on actual interest rates paid will be felt in our subsequent surveys. Moreover, we expect that this is only the beginning of a monetary easing cycle in India, with disinflationary pressures set to continue amid weak global oil prices which will prompt the RBI to cut rates further.

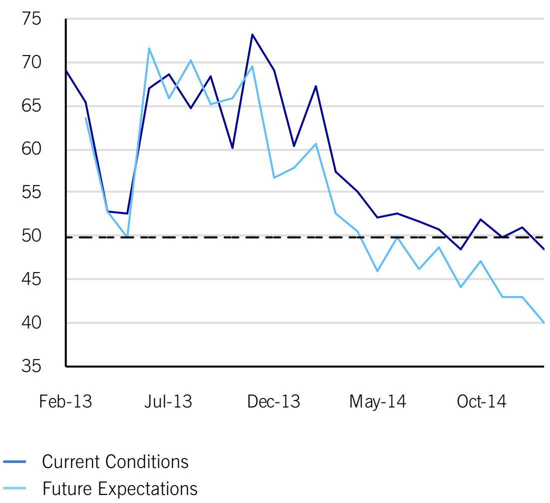
Expectations for interest costs have also trended down since November 2013. More companies in our panel anticipated that interest rates would fall over the coming three months, with the Expectations Indicator declining to a new series low of 40.2 in January from 43.0 in December.

Companies in our panel also reported that credit was more available with the indicator rising to 60.3 in January from 58.1 in December, the highest level since September 2014. Both manufacturing and service sector companies reported an improvement in credit availability while fewer construction companies thought that it had improved.

Availability of Credit



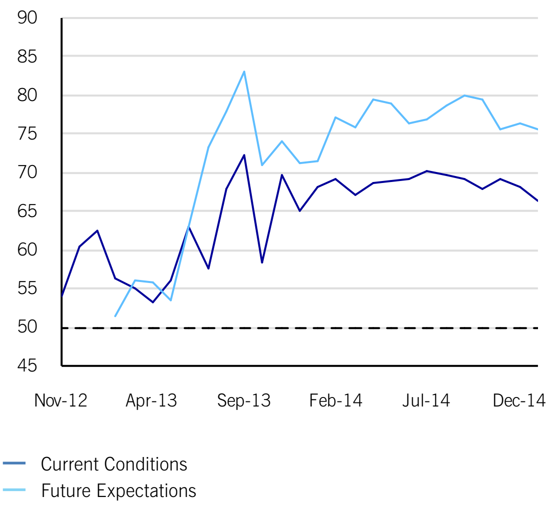
Interest Rates Paid



Money and Credit - Current Conditions

	Jan-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15
Availability of Credit	56.8	62.1	64.6	58.3	59.5	58.1	60.3
Interest Rates Paid	60.5	50.8	48.5	52.0	50.0	51.1	48.6
Financial Position	68.2	69.8	69.2	68.0	69.4	68.3	66.4

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

"Banks are easing rules of financing." **Toys manufacturing company**

"Since prices of products offered by our competitors are lower, the demand for our company's products is lesser." **Food products manufacturing company**

"Due to good reputation of the company we got a concession on loan." **Tyre manufacturing company**

"We have repaid a large portion of our loan, so interest costs are lower." **Iron and steel manufacturing company**

In line with lower interest rate expectations, companies anticipated greater credit availability over the coming three months, with expectations rising to 63.1 in January from 61.0 in the previous month.

In line with the decline in business confidence in January, companies' financial position fell to 66.4 from 68.3 in December. A greater proportion of companies did not face any change to their financial position while fewer reported it was more buoyant.

In contrast, the majority of companies were bullish about their future financial position as they most likely anticipated a pick-up in the economy. The Expectations Indicator stood at 75.6 in January, above the series average of 72.3.

Money and Credit - Future Expectations

	Jan-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15
Availability of Credit	54.1	64.5	64.8	60.6	60.4	61.0	63.1
Interest Rates Paid	57.9	48.9	44.2	47.3	43.2	43.0	40.2
Financial Position	71.5	78.8	80.2	79.5	75.6	76.5	75.6

Logistics
Companies Run Down Stocks

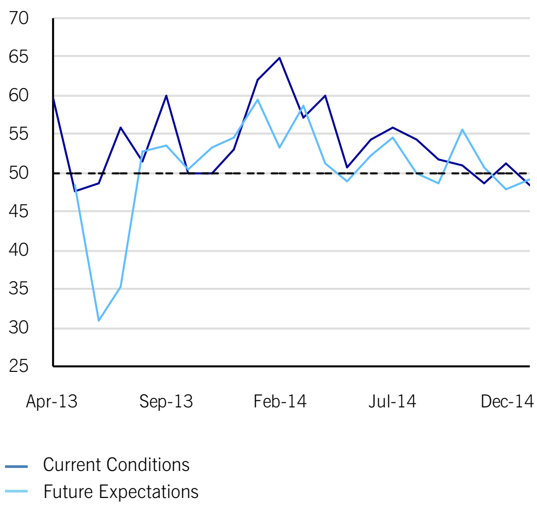
An increasing number of companies reported that they were running down their stock levels amid weak demand in January and did not expect to see an accumulation of inventory any time in the next three months.

The level of Finished Goods Inventories contracted to 48.6 in January from 51.3 in December, the lowest level since May 2013. Many companies reported that it was an off-period, during which they would be better off running down existing stocks to meet any demand.

In spite of heightened expectations surrounding orders in the coming three months, companies did not intend to meet demand by producing more. Rather, they expected to fulfil demand by running down their inventories, albeit at a slower pace compared with the previous month. Expectations for Inventories of Finished Goods in three months' time remained in contraction, rising to 49.2 compared with 47.9 in December.

In spite of subdued demand, suppliers of key inputs were not able to fulfil orders quickly, with our panel reporting that delivery times lengthened to 52.5 from 51.4 in December. Also, companies anticipated delivery times to remain broadly stable in the coming three months.

Inventories



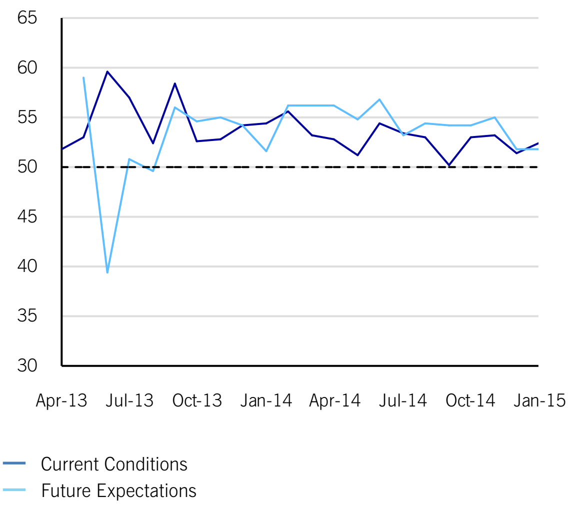
"We are clearing old stock." **Forestry and paper company**

"Goods are finished but not delivered." **Industrial machinery manufacturing company**

Logistics - Current Conditions

	Jan-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15
Inventories	62.1	54.5	51.8	51.2	48.9	51.3	48.6
Supplier Deliveries	54.4	53.1	50.2	53.0	53.2	51.4	52.5

Supplier Delivery Times



"Stock will be down due to improved sales." **Building materials and fixtures company**

"March quarter is a busy period for us and therefore we will keep sufficient inventory." **Non-durable household products manufacturing 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

	Jan-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15
Inventories	59.5	50.0	48.8	55.6	50.9	47.9	49.2
Supplier Deliveries	51.7	54.5	54.3	54.3	55.1	51.9	51.8

What the Panel Said

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

“Import cost has gone up.” **Industrial machinery manufacturing company**

“Fluctuation in exchange rate hurts us.” **Paper manufacturing company**

“The cost of electricity has gone up.” **Personal products manufacturing company**

“Banks are easing rules of financing.” **Toys manufacturing company**

“The availability of credit is better as we are able to arrange funds from the market.” **Automobiles manufacturing company**

“We are now expanding business in domestic market and reducing in foreign market.” **Electrical components manufacturing company**

“Some orders were cancelled.” **Auto parts manufacturing company**

“January to March is a low demand period.” **Speciality chemicals manufacturing company**

“A clothing manufacturing industry is seasonal.” **Clothing and accessories manufacturing company**

“Since prices of products offered by our competitors are lower, the demand for our company's products is lesser.” **Food products manufacturing company**

“Due to good reputation of company we got a concession on loan.” **Tyre manufacturing company**

“We have repaid a large portion of our loan, so interest costs are lower.” **Iron and steel manufacturing company**

“Banks have reduced interest rates.” **Investment services company**

“Due to new agreement with banks we got loan at a lower rate.” **Heavy construction company**

“RBI will further reduce interest rate.” **Electrical components manufacturing company**

“We expect interest rates to be lower after the budget.” **Diversified industrials manufacturing company**

“The price of oil came down very steeply and inflation is also in control so we hope that the RBI will take some actions.” **Real estate holding and development Services company**

“Since weather conditions in North India are bad, our business is poorly affected.” **Building materials and Fixtures Construction company**

“There is less demand from foreign countries.” **Food products manufacturing company**

“Overall business conditions have worsened due to government’s inefficiency in taking business decisions.” **Iron and steel manufacturing company**

“The market conditions are not good and existing collections are also low.” **Real estate holding and development services company**

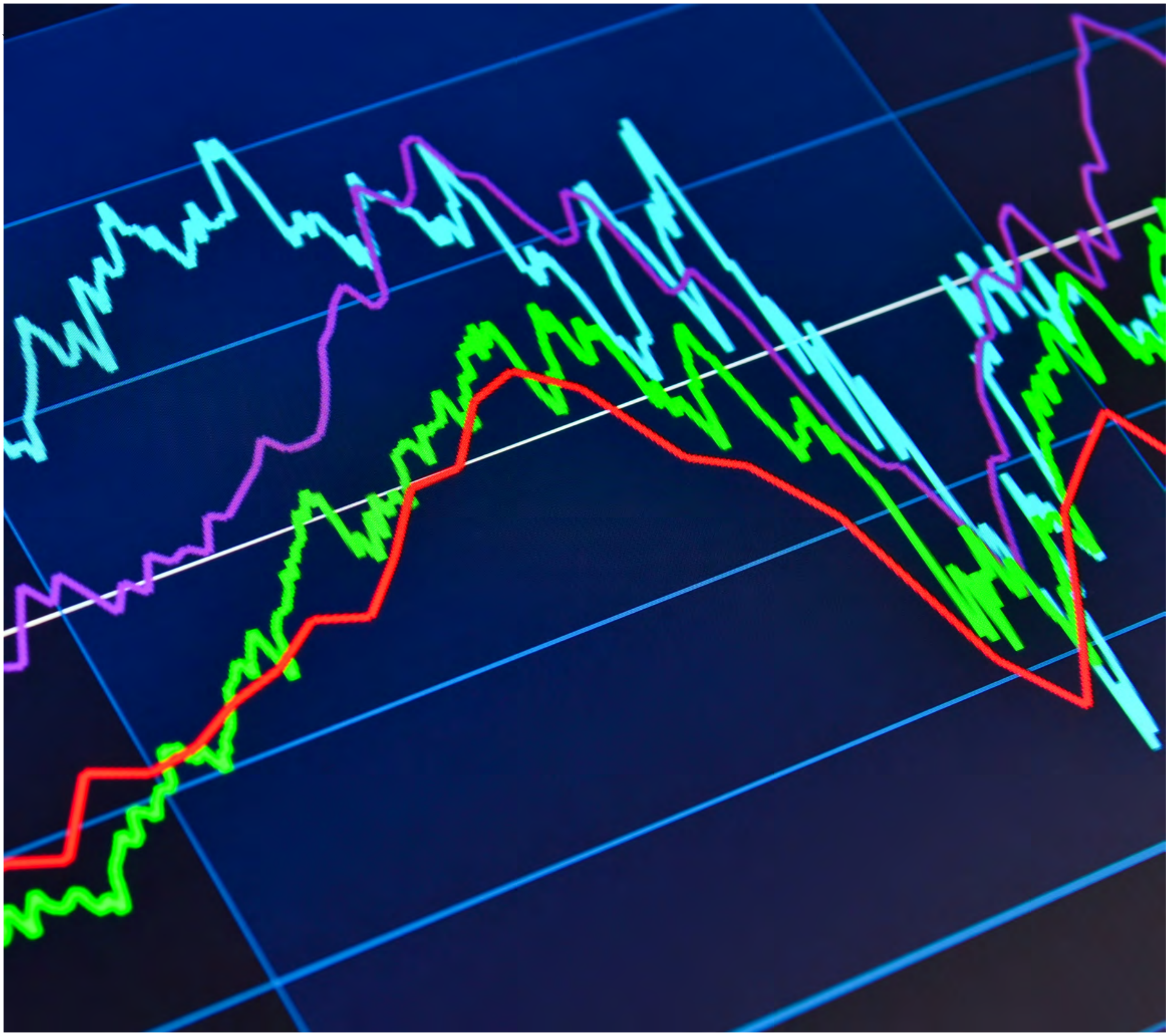
“The government is slow to implement new policies, which is hampering business environment.” **Diversified industrials manufacturing company**

“Some staff has retired so we will hire in the coming months.” **Speciality chemicals manufacturing company**

“Due to an upcoming project, we will be adding staff.” **Software services company**

“Our business season is off now so production capacity was reduced.” **Furnishings manufacturing company**

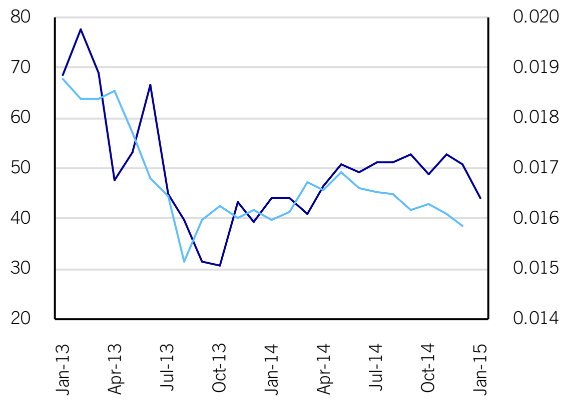
“We are opening few new branches so our capacity will increase.” **Speciality retailer services company**



Correlation Charts

Our indicators closely track official Indian economic data.

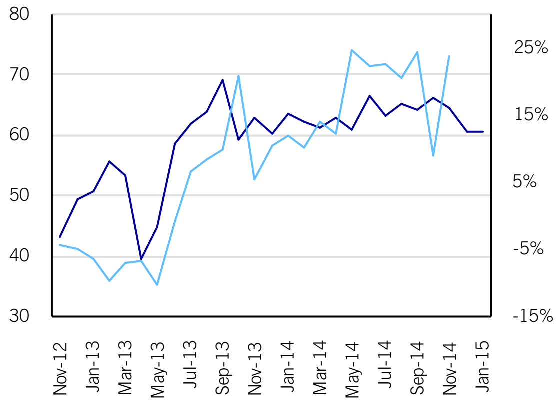
Exchange Rate



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

Source: *Reuters

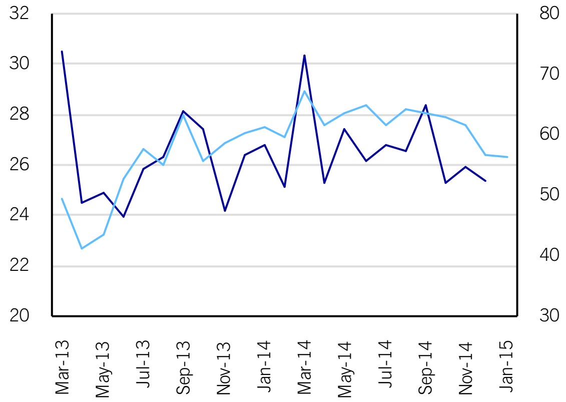
New Orders



MNI New Orders
Domestic Cargo Handled, Tonnes Y/Y% (RHS)*

Source: *Airports Authority of India

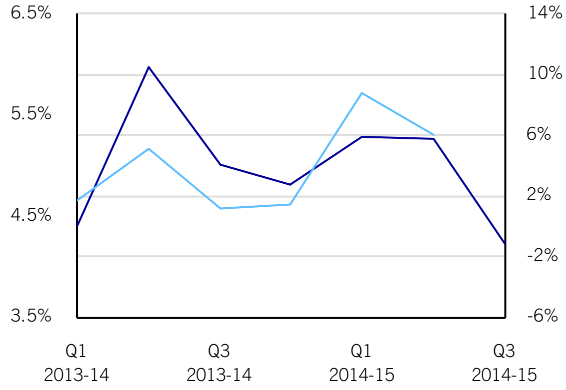
Export Orders



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

Source: *Indian Ministry of Commerce and Industry

GDP



MNI Business Sentiment Indicator Q/Q % (RHS), fiscal year
GDP Y/Y %*, fiscal year

Source: *Central Statistical Organisation, India

Data tables

Historical Summary

	2014												2015
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
MNI India Business Indicator													
Current Conditions	63.4	58.2	65.5	61.9	67.0	69.2	70.0	68.4	71.2	69.7	68.9	68.4	64.2
Future Expectations	72.0	69.5	70.1	79.1	80.3	78.5	78.6	80.3	82.4	82.0	74.6	80.2	76.1
Production													
Current Conditions	64.4	62.0	64.8	62.0	59.0	63.2	61.8	62.7	65.7	66.7	67.3	64.2	62.5
Future Expectations	71.6	69.7	67.7	70.6	73.9	72.1	72.9	75.5	75.8	77.3	71.9	75.1	74.1
New Orders													
Current Conditions	63.6	62.3	61.5	62.9	60.9	66.7	63.4	65.3	64.3	66.2	64.6	60.8	60.7
Future Expectations	65.5	67.2	70.9	76.9	77.0	78.6	75.7	75.6	76.4	75.3	72.4	72.6	74.1
Export Orders													
Current Conditions	61.4	59.8	67.4	61.7	63.5	65.0	61.7	64.3	63.8	63.0	61.6	56.8	56.5
Future Expectations	62.9	68.2	70.6	68.8	69.4	72.0	73.6	76.1	70.5	73.9	65.3	71.6	70.4
Productive Capacity													
Current Conditions	58.0	56.1	57.4	60.7	61.5	60.9	59.9	60.9	62.8	60.1	61.8	57.7	56.0
Future Expectations	64.3	60.0	67.5	70.7	69.6	68.9	68.9	71.4	71.3	71.4	66.3	67.6	70.4
Order Backlogs													
Current Conditions	35.6	39.8	50.0	55.4	49.0	53.9	47.4	54.0	50.0	53.8	50.8	49.0	49.0
Future Expectations	35.2	40.1	55.4	56.7	52.1	51.7	52.0	55.2	51.5	52.9	53.2	52.8	52.9
Employment													
Current Conditions	51.8	50.8	52.1	51.7	52.1	51.1	50.5	50.3	49.9	50.3	50.0	50.0	50.8
Future Expectations	53.4	57.5	53.3	52.0	51.5	53.8	52.4	53.9	51.5	52.8	52.3	52.4	51.7
Inventories													
Current Conditions	62.1	64.9	57.2	60.0	50.9	54.5	55.9	54.5	51.8	51.2	48.9	51.3	48.6
Future Expectations	59.5	53.5	58.8	51.3	49.0	52.5	54.8	50.0	48.8	55.6	50.9	47.9	49.2
Input Prices													
Current Conditions	69.8	73.0	66.0	66.1	62.2	62.6	60.4	62.2	60.4	59.4	55.6	51.5	53.2
Future Expectations	69.9	72.0	64.0	58.0	57.8	56.2	59.8	62.4	56.7	57.6	50.9	51.1	53.7
Prices Received													
Current Conditions	60.6	56.2	52.2	56.8	55.6	55.6	54.9	57.3	53.6	52.6	54.3	51.3	51.1
Future Expectations	60.9	61.2	56.6	59.8	57.4	57.2	55.5	59.6	58.6	56.6	54.1	54.4	52.8
Financial Position													
Current Conditions	68.2	69.3	67.2	68.9	69.1	69.3	70.3	69.8	69.2	68.0	69.4	68.3	66.4
Future Expectations	71.5	77.2	76.1	79.6	79.0	76.5	76.9	78.8	80.2	79.5	75.6	76.5	75.6
Interest Rates Paid													
Current Conditions	60.5	67.3	57.6	55.3	52.3	52.7	51.8	50.8	48.5	52.0	50.0	51.1	48.6
Future Expectations	57.9	60.7	52.8	50.7	46.1	50.0	46.4	48.9	44.2	47.3	43.2	43.0	40.2
Effect of Rupee Exchange Rate													
Current Conditions	44.3	44.2	40.8	46.4	50.8	49.4	51.1	51.2	53.0	48.8	52.8	50.8	44.3
Future Expectations	43.6	45.2	45.5	54.4	56.4	57.5	55.1	53.3	56.8	56.5	54.7	52.8	52.2
Supplier Delivery Times													
Current Conditions	54.4	55.6	53.2	52.9	51.2	54.5	53.5	53.1	50.2	53.0	53.2	51.4	52.5
Future Expectations	51.7	56.2	56.3	56.2	54.9	56.8	53.3	54.5	54.3	54.3	55.1	51.9	51.8
Availability of Credit													
Current Conditions	56.8	54.9	59.6	63.1	60.4	61.1	61.7	62.1	64.6	58.3	59.5	58.1	60.3
Future Expectations	54.1	54.8	59.5	67.8	63.0	63.7	65.8	64.5	64.8	60.6	60.4	61.0	63.1

Historical Records

	2012 - Current Minimum	Maximum	Mean	Median
MNI India Business Indicator				
Current Conditions	47.5	71.2	62.0	63.4
Future Expectations	49.7	82.4	71.0	73.3
Production				
Current Conditions	41.0	67.3	60.3	62.0
Future Expectations	41.3	77.3	67.9	71.7
New Orders				
Current Conditions	39.7	69.1	59.1	61.5
Future Expectations	40.4	78.6	68.6	72.5
Export Orders				
Current Conditions	41.3	67.4	58.3	60.2
Future Expectations	45.2	76.1	65.6	68.5
Productive Capacity				
Current Conditions	41.0	64.0	56.6	57.7
Future Expectations	40.7	71.4	64.2	67.5
Order Backlogs				
Current Conditions	35.6	59.3	49.2	49.2
Future Expectations	32.8	59.6	49.1	52.0
Employment				
Current Conditions	48.9	54.1	51.3	51.2
Future Expectations	49.5	57.5	52.6	52.3
Inventories				
Current Conditions	47.8	64.9	54.1	52.5
Future Expectations	31.0	59.5	50.6	51.3
Input Prices				
Current Conditions	51.5	79.6	65.5	65.2
Future Expectations	50.9	74.9	63.1	62.4
Prices Received				
Current Conditions	41.5	67.1	54.6	54.9
Future Expectations	45.1	73.7	57.3	57.1
Financial Position				
Current Conditions	53.4	72.3	64.7	68.0
Future Expectations	51.6	83.3	72.3	75.9
Interest Rates Paid				
Current Conditions	48.5	73.2	58.8	56.5
Future Expectations	40.2	71.7	54.9	52.8
Effect of Rupee Exchange Rate				
Current Conditions	30.9	77.8	50.2	49.4
Future Expectations	30.1	75.5	52.2	53.8
Supplier Delivery Times				
Current Conditions	50.2	59.6	53.7	53.1
Future Expectations	39.5	59.0	53.6	54.5
Availability of Credit				
Current Conditions	41.1	64.6	55.9	57.1
Future Expectations	40.9	67.8	59.0	60.0

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%

About MNI Indicators
Insight and data for better decisions

MNI Indicators offers unique macro-economic data and insight to businesses and the investment community. We produce data and intelligence that is unbiased, pertinent and responsive. Our data moves markets.

MNI Indicators specialises in business and consumer focused macro-economic reports that give our customers the ability to make timely and relevant decisions. We strive to provide up-to-date information on business and consumer confidence on the economy.

MNI Indicators publishes data on a monthly basis. Our indicators are based on a unique and proprietary methodology and are designed to present an advance picture of the economic landscape as perceived by businesses and consumers every month.

Our monthly reports explore attitudes, perspectives and confidence across different countries and regions. They deliver in-depth analysis, highlight changing patterns and how these can affect potential developments in business and consumer activities.

MNI Indicators is part of MNI, a leading provider of news and intelligence. MNI is a wholly owned subsidiary of Deutsche Börse Group, one of the largest worldwide exchange organisations.

Published by
MNI Indicators | Deutsche Börse Group
Westferry House
11 Westferry Circus
London
E14 4HE
www.mni-indicators.com
@MNIIndicators
MNI Indicators