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MNI India Business Report
August 2015

Insight and data for better decisions

MNI India Business Report
Methodology

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.

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Executive Summary

The MNI India Business Sentiment Indicator, a gauge of current sentiment among BSE-listed companies, fell by 4.6% to 62.3 in August from 65.3 in July.

Indian business was less confident about the business environment in August as subdued domestic demand offset the positive impact of lower inflation and interest rates. The MNI India Business Sentiment Indicator, a gauge of current sentiment among BSE-listed companies, fell by 4.6% to 62.3 in August from 65.3 in July.

The fall in sentiment was observed across both manufacturing and construction companies, while sentiment among service sector companies remained more-or-less stable. Confidence has now declined for two consecutive months, wiping out the gains made in June on the back of the rate cut by the Reserve Bank of India and leaving sentiment 8.9% down on the year and 3% below the level seen at the start of 2015.

The decline in business confidence was driven by weaker domestic demand. New Orders were flat on the month and consequently production rose only marginally.

Companies were also less optimistic about the next three months with the Expectations Indicator falling slightly to 73.7 in August, offsetting last month's rise to 74.5. Meanwhile, companies were more bullish about production, orders and employment over the next three months when demand is expected to rise during the festival period starting in October.

Raw material costs eased for the second consecutive month in July, bringing some relief to companies which have struggled to raise the prices of their own goods and services due to the competitive environment. Still, the Prices Received Indicator fell into contraction to 49.3 in August from 51.1 in July, the lowest since May 2013, as companies were forced to pass on cost savings due to intense competition. This may well explain the fall in the Financial Position Indicator to the lowest since October 2013, with a potential hit to company profit.

According to our panel, the depreciation of the rupee had a less favourable impact on business operations in August. The indicator which measures the Effect of the Rupee Exchange Rate fell to 51.1 in August following a sharp rise to 52.4 in July.

While the MNI India Business Indicator stands significantly above the levels seen in 2013 when India was in the midst of a currency crisis, the downturn in sentiment serves as a note of caution to some of the more optimistic forecasts for Indian growth. The MNI India BSI, Production and New Orders in the June quarter of 2015 as a whole remained almost flat for the second consecutive quarter, and were below the level recorded in the June quarter of 2014, dashing hopes of an improvement in economic growth.

One silver lining in this month's survey was the pick-up in overseas demand for Indian goods and services. Improvements in advanced economies combined with the recent weakening in the rupee helped the Export Orders Indicator to rise 4.9% to 59.7 in August.

Companies' sentiment towards hiring has started to recover, albeit at a slow pace, with the Employment Indicator 1.6% above the level in August 2014. The indicator rose to 51.1 in August from 50.8 in July. There was a rise in demand for workers in the construction and service sectors, while manufacturing sector companies had employees roughly around the right level.

Overview

	Jun-15	Jul-15	Aug-15	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
MNI India Business Indicator								
Current Conditions	67.1	65.3	62.3	-	Apr-14	64.9	-3.0	-4.6%
Future Expectations	73.6	74.5	73.7	-	Jun-15	73.9	-0.8	-1.1%
Production								
Current Conditions	61.1	58.1	59.1	Jun-15	-	59.4	1.0	1.7%
Future Expectations	65.4	64.5	68.7	Mar-15	-	66.2	4.2	6.5%
New Orders								
Current Conditions	61.8	60.9	60.8	-	May-15	61.2	-0.1	-0.2%
Future Expectations	67.6	66.7	67.6	Jun-15	-	67.3	0.9	1.3%
Export Orders								
Current Conditions	60.7	56.9	59.7	Jun-15	-	59.1	2.8	4.9%
Future Expectations	64.5	63.5	65.5	Mar-15	-	64.5	2.0	3.1%
Productive Capacity								
Current Conditions	57.7	56.7	56.5	-	May-15	57.0	-0.2	-0.4%
Future Expectations	63.9	61.8	63.6	Jun-15	-	63.1	1.8	2.9%
Order Backlogs								
Current Conditions	48.2	48.5	49.0	Jan-15	-	48.6	0.5	1.0%
Future Expectations	47.0	49.4	46.3	-	May-15	47.6	-3.1	-6.3%
Employment								
Current Conditions	51.7	50.8	51.1	Jun-15	-	51.2	0.3	0.6%
Future Expectations	54.7	51.9	53.4	Jun-15	-	53.3	1.5	2.9%
Inventories								
Current Conditions	53.5	52.4	53.1	Jun-15	-	53.0	0.7	1.3%
Future Expectations	51.7	50.7	50.0	-	May-15	50.8	-0.7	-1.4%
Input Prices								
Current Conditions	60.6	59.2	55.6	-	Mar-15	58.5	-3.6	-6.1%
Future Expectations	56.6	55.7	53.2	-	Dec-14	55.2	-2.5	-4.5%
Prices Received								
Current Conditions	51.3	51.1	49.3	-	May-13	50.6	-1.8	-3.5%
Future Expectations	54.3	52.0	50.5	-	Jun-13	52.3	-1.5	-2.9%
Financial Position								
Current Conditions	66.0	66.4	65.2	-	Oct-13	65.9	-1.2	-1.8%
Future Expectations	71.4	70.9	70.1	-	Jun-13	70.8	-0.8	-1.1%
Interest Rates Paid								
Current Conditions	44.2	45.5	44.4	-	Jun-15	44.7	-1.1	-2.4%
Future Expectations	42.7	40.8	43.8	Oct-14	-	42.4	3.0	7.4%
Effect of Rupee Exchange Rate								
Current Conditions	44.3	52.4	51.1	-	Jun-15	49.3	-1.3	-2.5%
Future Expectations	48.8	55.0	51.3	-	Jun-15	51.7	-3.7	-6.7%
Supplier Delivery Times								
Current Conditions	47.3	50.4	48.8	-	Jun-15	48.8	-1.6	-3.2%
Future Expectations	49.6	51.9	49.4	-	May-15	50.3	-2.5	-4.8%
Availability of Credit								
Current Conditions	58.3	58.0	58.4	Apr-15	-	58.2	0.4	0.7%
Future Expectations	57.2	57.6	57.8	May-15	-	57.5	0.2	0.3%

Industrial production expanded by 3.8% year-on-year in June...

...following a 2.5% expansion in May.

Economic Landscape

Latest data from India has been positive. Inflation declined by more than expected while industrial production also picked-up.

Latest data from India has been positive. Inflation declined by more than expected while industrial production also picked-up. Consumer price inflation fell to an eight-month low of 3.8% in July, mostly on the back of falling food prices, while core inflation also eased to a three-month low of 4.5%. Industrial production expanded by 3.8% year-on-year in June following a 2.5% expansion in May. The trade deficit rose to an eight-month high with significant weakness in both external and domestic demand, but this month provided hope that the worst may be over given signs of a pick-up in global economic activity and better prospects for domestic demand due to easing in both inflation and interest rates.

The RBI left the key policy interest rate unchanged at 7.25% on August 4, but left the door open for further easing this year. The next rate cut decision will be led by clarity on how the monsoon fares, the domestic economic recovery, the extent of transmission of earlier rate cuts and the US Fed policy action. Given the sharp decline in overall inflation in July, especially in core inflation, along with lower inflation expectations, it is probable that the RBI will cut the repo rate either before or at the September 29 monetary policy meeting.

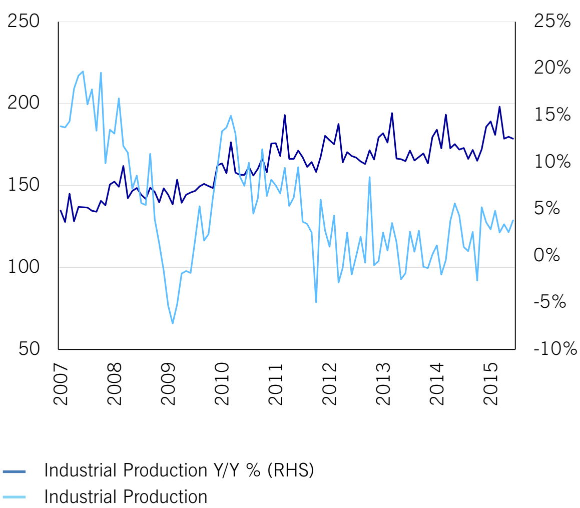
Growth in industrial output rises to a four-month high

Latest data showed a positive picture for the industrial sector, signalling that the long-term recovery remains intact, especially with the consumer sector making a positive impact after prolonged weakness. Industrial production expanded at 3.8% on the year in June following an increase of 2.5% on the year in May (revised down from 2.7% previously). Even though growth in output has been volatile, the first six months of the year has seen industrial production expand by 3.3% over the previous year, significantly above growth of 1.9% seen in 2014.

Growth in June was mainly led by the manufacturing sector, which forms three quarters of industrial production. Growth in manufacturing rose to a four-month high of 4.6% from 2% in the previous month (revised down from 2.2%). Even though manufacturing production is lumpy and volatile on a monthly basis, India's manufacturing industry has started showing some green shoots. It has grown by 3.7% in the six months to June over the past year, the highest growth rate in four years. This will provide impetus to Modi's "Make in India" program which aims to make India a global manufacturing hub. A favourable base effect, weakness in the rupee and the recovery in the US and European economies should also support growth in export oriented manufacturing sectors in the coming months. Electricity production grew by 1.3% on the year while mining contracted for the first time in five months.

According to use-based classification, basic goods production grew by 5.1% following growth of 6.2% (revised down from 6.4% previously) while production of consumer goods accelerated to 6.6%, the highest since October 2012, owing mostly to base effects. Output of consumer durables jumped by 16% on the year after contracting by 3.9% in May. Three-month year-on-year growth in consumer durables production grew for the first time since December 2012 and may well be marking a turning point for the consumer sector. While the consumer goods sector showed a fresh hope of recovery, capital goods output, a proxy for investment contracted by 3.6% on the year. This was mainly due to unfavourable base effects as capital goods production saw a bumper 23.3% increase in June 2014. In spite of the contraction, we welcome the turnaround in capital goods production which has grown by an impressive 5.7% in the first six months of the year compared with the last year, the highest since 2011. However, the pick-up in capital

Industrial Production



Source: Central Statistics Office

goods production has started to ease recently, with three-month year-on-year growth at the lowest since November 2014.

The more frequently updated data for the core sector, which is comprised of eight industries and forms 38% of industrial production, grew by 3% in June compared with 4.4% growth in May and less than half the growth of 8.7% in June 2014. In June, production of refinery products and coal were the front-runners, growing by 7.5% and 6.2% respectively, albeit slower than last month, while electricity production growth was at just 0.2% after growing by 5.5% in May. During the April-June period of the current fiscal, infrastructure output slowed to just 2.4% on the year, lower than 6% growth in the corresponding period last year.

RBI Industrial Outlook eases for the September quarter

The RBI's Industrial Outlook Survey showed that the Business Expectation Index (BEI), a gauge of manufacturing business sentiment, eased slightly to 113.1 in the quarter ending September from 115.2 in the quarter ending June and was below the outturn of 114.7 recorded a year earlier. Companies expected to receive fewer domestic orders and hence revised down their outlook for imports. Meanwhile, they had an increasingly optimistic outlook for employment and production.

Manufacturing companies witnessed a decline in demand during the April-June quarter, with sentiment easing to 104.8 from 106.7 in the previous quarter. The decline in sentiment for the assessment quarter was mainly due to reduced optimism in production, order books, capacity utilisation, employment, financial situation, availability of finance coupled with increased pessimism in cost of raw materials and profit margin.

More up-to-date monthly data from the MNI India Business Sentiment Survey has shown that the pace of growth in business confidence has eased in recent months. In the quarter ending June, the MNI India Business Sentiment Indicator fell to the lowest in more than a year, averaging 64.4. In August, business sentiment declined for the second consecutive month close to the lows of 2014. Firms reported little change in their production, productive capacity and workforce in August compared with last month but were more optimistic about the coming three months. While the weaker rupee helped bring in more orders from abroad in August, the total number or orders received by our panel was more-or-less unchanged in a sign that domestic demand remained weak.

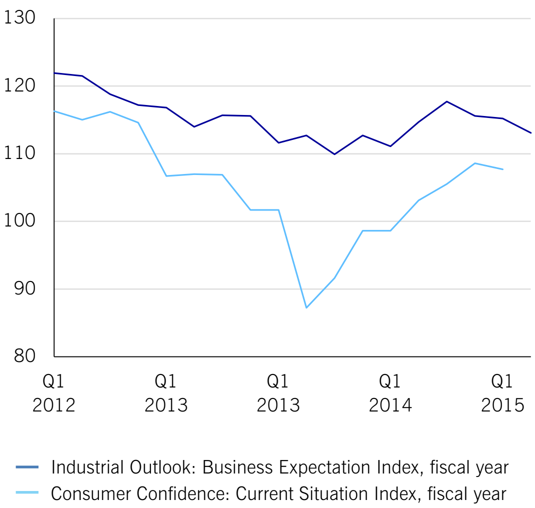
RBI Consumer Confidence fell in June

The RBI's Consumer Confidence survey showed that the Current Situation Index (CSI), an assessment of consumer sentiment eased slightly in the quarter ending June to 107.7 from 108.6 in the quarter ending March. This was, however, markedly above the 98.6 recorded in the quarter ending June a year earlier.

Current economic conditions compared to one year ago eased slightly after improving in the previous four rounds of the survey. Also, positive perceptions on future economic conditions fell close to the outturn of September 2014.

The employment outlook worsened significantly in the June quarter compared with the previous quarter and fewer respondents expected an improvement in the employment situation one year ahead. The positive perceptions regarding current income have also been declining since September 2014 and fewer respondents expected it to improve one year ahead.

RBI Business and Consumer Sentiment



Source: Reserve Bank of India

Respondents' expectations about future economic conditions also eased as the Future Expectations Index, which measures the year-ahead outlook, fell to 124.2 in June from 126.7 in March.

More up-to-date monthly data from the MNI India Consumer Sentiment Survey has shown confidence falling among households close to the record low of 2013. The MNI India Consumer Sentiment Indicator fell to 118.6 in July led by weakening in personal finances, which hit a record low. Consumers reported that they were less confident about current business conditions but were slightly more optimistic in their long-term expectations for the future.

Inflation eases in July

Consumer price inflation eased to 3.8% in July after accelerating to 5.4% in June. The slowdown was mainly driven by food price inflation (46% of the CPI basket) which fell to 2.2% in July from 5.5% in June. Fuel inflation also contributed, easing for the second consecutive month to 5.4% from 5.8% in June. After stripping out the more volatile food and fuel price components, core inflation fell to 4.5% in July, although was above headline inflation.

There was positive news from the rural sector, with inflation easing to 4.4% in July from 6.1% in June, the lowest level this year. This is somewhat a relief given that there were fears that rural prices could rise sharply given that the Met department forecasted a sub-normal monsoon season. Rainfall has been near-normal so far but is expected to decrease in the coming months, potentially hitting agricultural output which would in-turn place further upward pressure on food prices. Urban inflation also eased to 2.9% from 4.6% in June, the lowest on record.

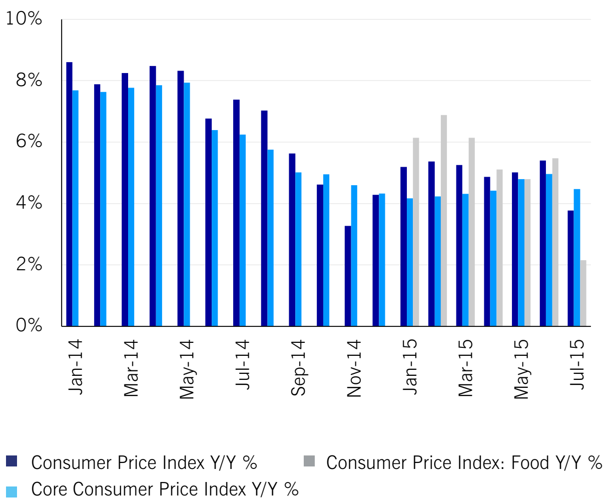
The previously targeted measure of inflation, based on the Wholesale Price Index, contracted for the ninth consecutive month to hit a record low of -4.1% on the year in July from -2.4% in June. The decline came on the back of a continued fall in prices for fuel, primary articles and manufactured goods. Food prices also contracted for the first time since January 2012.

Repo rate left unchanged at 7.25%

The Reserve Bank of India, which kept the key policy rate unchanged at its third bi-monthly monetary policy meeting this fiscal year on August 4, is closely monitoring the effect of the monsoon rains on inflation to determine whether there is scope to ease policy any further. While the RBI has left the door open for additional easing this year, any rate cut is dependent on multiple factors including fuller transmission of the previous rate cuts by banks, government investment in improving the supply-side and normalisation of US monetary policy. Meanwhile, given that inflation surprised on the downside in July and the monsoon rains have been near normal and better than previously anticipated, we see a possibility that RBI will decide to move on or even before the next meeting in September.

The previous two bi-monthly policy statements in April and June indicated that monetary policy will be guided by a few conditions and those conditions remained intact. First was fuller transmission of rate cuts by banks. Since the first rate cut in January this year, the median base lending rates of banks has fallen by around 30 basis points, less than half of the 75 basis points cut in the repo rate so far. Since this criterion has yet to be fulfilled, the RBI once again urged banks to lower their own rates to encourage more lending. Second was inflation, which has evolved around the projected path until June when it surprised on the upside. It is likely to be compounded by the effects of the service tax increase which took effect from June, lending an upward bias to

Consumer Inflation



Source: Central Statistics Office

inflation and inflation expectations. However, the sharp fall in crude prices since June and the likelihood of this softness will help cap inflation. The decline in inflation in July already allays some fears. The RBI also cut its inflation projections for January-March 2016 by about 0.2 percentage points, with risks broadly balanced around the target of 6% for January 2016.

The RBI recognised that there was some improvement in the state of stalled projects, although supply constraints continue to be binding and new investment demand from the private sector and the government remains subdued. The last criterion was normalisation of US monetary policy, which could possibly start as early as September. The RBI's next policy review is set for September 29, which would be after the Fed's September meeting. The RBI therefore will be in a position to assess the impact on the rupee if the Fed raises rates in September.

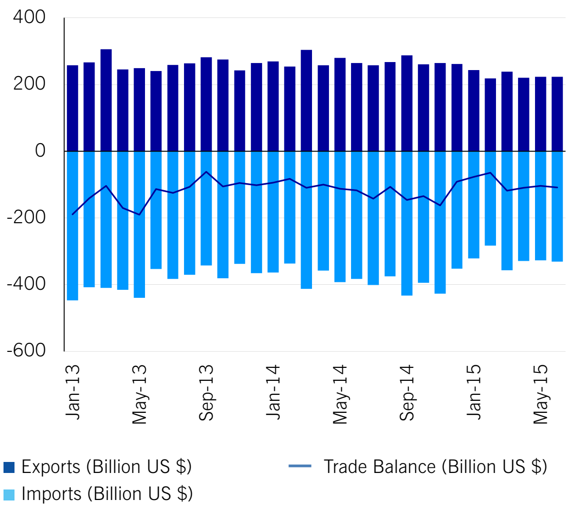
India's Exports slide for the eighth consecutive month

India's trade deficit rose to $12.8 billion in July from $10.8 billion in June, the highest in eight months, but was 10.2% below the $14.3 billion shortfall recorded in July last year.

Exports contracted 10.3% on the year for the eighth consecutive month to $23.1 billion in July, owing mostly to the decline in crude oil prices. One silver lining from the trade data was that demand for Indian exports rose slightly from the previous month, suggesting that the trend decline seen since the start of the year may have troughed. The decline in the three-month year-on-year measure for exports eased for the second consecutive month in July, although remains very weak in absolute terms. Overseas demand for Indian goods in general is expected to remain sluggish in the near term, not least due to lowered projections for global economic growth this year and the recent yuan devaluation which is likely to increase the competitiveness of Chinese products.

Imports declined by 10.3% on the year to $35.9 billion in July as oil imports dropped 34.9% to $9.5 billion. Non-oil imports, however, rose by 3.8% on the year to $26.5 billion in July, the second monthly rise since March and a tentative sign that a revival in domestic demand may be underway.

Trade Balance

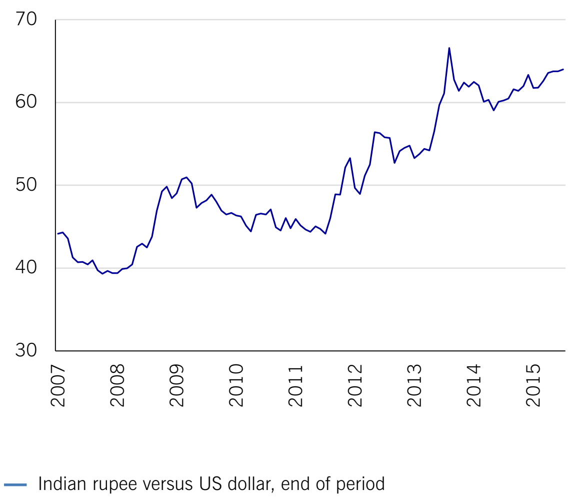


Source: Ministry of Commerce and Industry

While the trade data continues to suggest there is still significant weakness in both external and domestic demand, this month provides hope that the worst may be over given the signs of a pick-up in global economic activity and better prospects for domestic demand amid an easing in both inflation and interest rates.

Even so, China's devaluation of its currency poses some threat to India's trade deficit, although this has been played down by RBI governor Rajan. The Indian rupee

Rupee Exchange Rate



Source: Reserve Bank of India

has tumbled to a two-year low amid widespread volatility and recently touched 65 to the US dollar, a value it has not crossed since September 2013 when the country was in the midst of a currency crisis as it struggled to contain both inflation and a high fiscal deficit. While a weak rupee is expected to provide some support for exports, a further sharper decline in the yuan targeted by the Peoples' Bank of China could result in a glut of Chinese goods on the world market. Meanwhile, a weaker rupee would also make imports costlier. However, a decline in crude oil prices below $50 per barrel will ease pressure on trade deficit. Ultimately, even though there are early signs of revival in demand, the recent currency movements may determine the fate of trade deficit in the coming months.

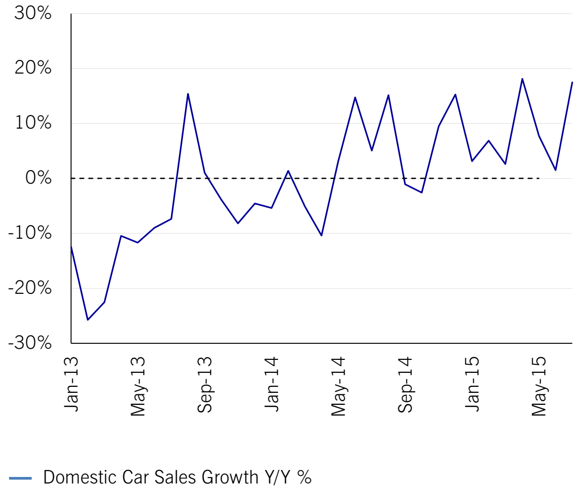
Government raises planned expenditure

The fiscal deficit in the first three months of 2015-16, was Rs. 2.87 trillion or 51.6% of the estimated budget of Rs. 5.5 trillion for the whole financial year. This is lower than the deficit of 56.1% during the same period a year ago. The total expenditure of the government in the first three months was Rs. 4.31 trillion or 24.2% of the entire year estimate, higher than last year's expenditure of 23%. Of the total outflows in the first three months, planned expenditure was 24.7% of the budget estimate given the government's emphasis on infrastructure development. Planned spending was around 19% of the budget estimate during the last fiscal. Total receipts were Rs. 1.44 trillion, 11.8% of the estimate. For 2015-16, the government aims to contain the fiscal deficit at 3.9% of GDP and is targeting 3% a year later, unlocking funds for investment into infrastructure development and social welfare programmes. This followed the successful reduction of the government's budget deficit to 4% of GDP in 2014-15, lower than the target of 4.1%.

Car sales growth highest in three months

Car sales in India rose by 17.5% on the year in July, up from 1.5% in June when there were annual maintenance closures at several companies including both Maruti and Toyota. Most of the growth came on the back of favourable base effects as on a monthly basis, car sales actually contracted slightly. In spite of uneven growth, car sales have grown by 7.7% on the year in the first seven months of 2015, an improvement from zero growth and a contraction of 15.2% in 2014 and 2013 respectively.

Car Sales



Source: Society of Indian Automobile Manufacturers

Sales of commercial vehicles grew by a hefty 8.4% on the year in July from 0.7% on the year in June, owing to favourable base effects. However, looking at the three-month on three-month growth, sales increased by 4.1% in July, highest since since March.

Growth in sales of two-wheelers which ran into a positive territory in June, barely rose in July. Sales of scooters grew by 15.4% on the year, the fastest growth in five months, while sales of motorcycles, which form the majority of two-wheelers sales, contracted by 6.4% and were also down by 7.9% from the previous month. India is the world's largest market for motorcycles and much of the slowdown comes from smaller cities.

The three cuts in interest rates by the RBI this year have not been able to help the automobile industry significantly, although it has recovered from last year. Since financing rates are still high though, we expect automobile demand to remain at low levels.

Economic growth at a four-year high

While headline GDP showed acceleration in the Jan-Mar quarter, our survey evidence points to slower economic growth in Q1 of fiscal year 2015-16 (Apr-June quarter).

While the MNI India Business Indicator stands significantly above the levels seen in 2013 when India was in the midst of a currency crisis, the downturn in sentiment serves as a note of caution given that the MNI India BSI, Production and New Orders in the June quarter of 2015 as a whole remained almost flat for the second consecutive quarter, and were below the level recorded in the June quarter of 2014.

Last released GDP data showed growth increased to 7.5% on the year in Jan-Mar, the fourth quarter of India's fiscal year, up from 6.6% in the previous quarter – revised from 7.5% previously. Note, though, that GVA at basic prices showed a deceleration with the headline measure skewed by subsidy and tax payments. Much of the growth came from the manufacturing and services sectors with agricultural output contracting by 1.4%, compared with growth of 5.3% in the same period a year earlier because of crop damage due to unseasonal rains. Manufacturing growth strengthened to 8.4% in the three months to March from 3.6% in the previous quarter and also above 4.4% growth in the Jan-Mar quarter for the previous year. Services continued to be the frontrunner with growth of 9.2%, although down from the previous quarter's growth of 12.5%.

On an expenditure basis, growth in the March quarter was led by 7.9% year-on-year growth of private final consumption expenditure, despite the weakness in rural demand following the unfavourable trend in agricultural output. Gross fixed capital formation rose by a modest 4.1%, highlighting that the pace of implementation of projects remains moderate despite the clearances and reform measures initiated by the government. In contrast, government final consumption expenditure contracted by 7.9%, reflecting lower subsidy pay-outs in an attempt to meet the fiscal deficit target.

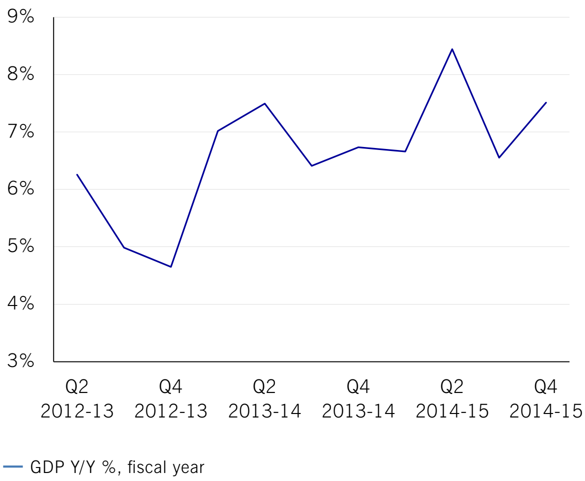
While headline GDP showed an acceleration, albeit from a revised Oct-Dec quarter, Gross Value Added (at basic prices) growth slowed from 6.8% on the year in the quarter ending Dec to 6.1% in the quarter ending Mar and was significantly lower than the 7.8% advance estimate put out by the government. Growth on this measure has now been slowing since the Sep quarter when it stood at 8.4% from a revised 7.8%. Since GDP at market prices is computed by adding indirect taxes net of subsidies to Gross Value Add (at basic prices), this suggests that there was very strong growth in indirect taxes net of subsidies in the quarter ending March. Collapsing oil prices have significantly reduced the oil and fertiliser subsidy burden while the government has increased excise duties on gasoline and diesel prices. So the strong headline growth in the Jan-Mar quarter is at least partly due to these temporary factors.

For the full year, India's economy expanded by 7.3% in the year ending March, falling just short of the Advance Estimate of 7.4% released by the Central Statistics Office, but an improvement from the previous year's 6.9% growth.

Agriculture growth was paltry at just 0.2% in the year in 2014-15 slowing significantly from 3.7% growth in the previous year. Manufacturing grew by 7.1% from 5.3% in the previous year with the sector accounting for 18.1% of the economy. Mining growth, however, slowed to 2.4% from 5.4% in the previous year. Growth in 2014-15 was still primarily due to the service sector, which grew by 10.6% compared with 9% in the year 2013-14.

In 2014-15, on an expenditure basis, personal consumption added 3.8 percentage points to growth, having contributed 2.8 percentage points in the previous year, while net exports contributed just 0.4 percentage point to GDP growth, having added 3.5 percentage points previously. Investment, which was a drag on GDP

Economic Growth

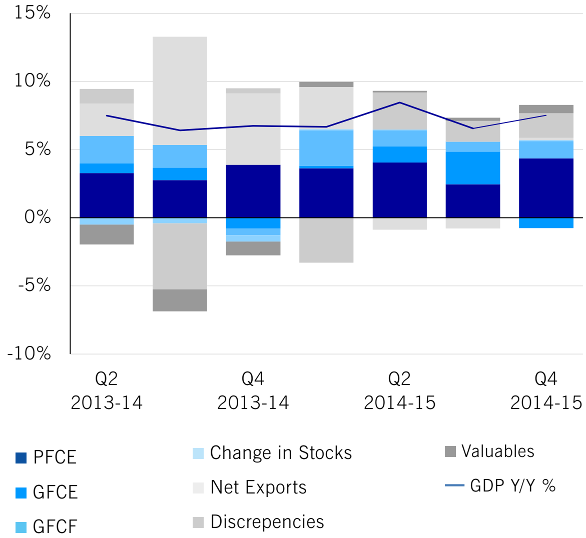


Source: Central Statistics Office

growth last year, adding just 0.7 percentage point, having more than doubled its contribution to the 1.5 percentage point in 2014-15.

Higher government spending on infrastructure, easing of rules for foreign direct investment, continued reform momentum and monetary easing are expected to support an investment revival in 2015-16 while moderate inflation should boost urban consumer demand.

Contribution to GDP Growth



Source: Central Statistics Office

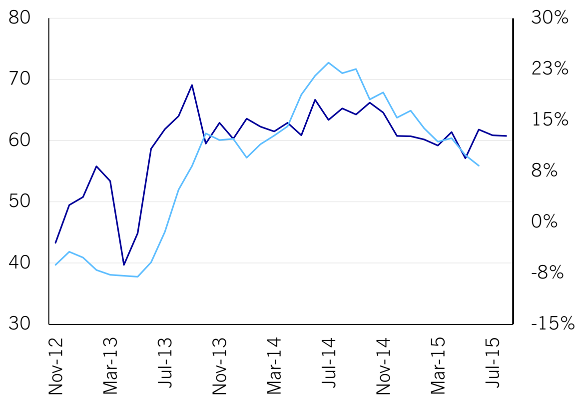
Key Monthly Economic Data

	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15
Consumer Price Index (Y/Y %)	5.4	5.3	4.9	5.0	5.4	3.8	-
Wholesale Price Index (Y/Y %)	-2.2	-2.3	-2.4	-2.2	-2.4	-4.1	-
Industrial Production (Y/Y %)	4.8	2.5	3.4	2.5	3.8	-	-
Car Sales (Y/Y %)	6.9	2.6	18.1	7.7	1.5	17.5	-
Trade Balance (Billion US $)	-6.4	-11.8	-11.0	-10.4	-10.8	-12.8	-
Exports (Billion US $)	21.9	23.9	22.0	22.3	22.3	23.1	-
Imports (Billion US $)	28.3	35.7	32.9	32.8	33.1	35.9	-
MNI India Business Sentiment Indicator	66.2	63.0	63.9	62.3	67.1	65.3	62.3
MNI India Consumer Sentiment Indicator	121.2	118.5	122.1	119.6	119.5	118.6	-

Correlation Charts

Our Indicators Closely Track Official Data

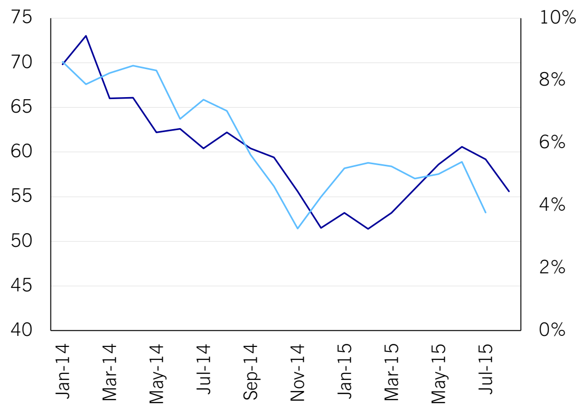
New Orders



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

Source: *Airports Authority of India

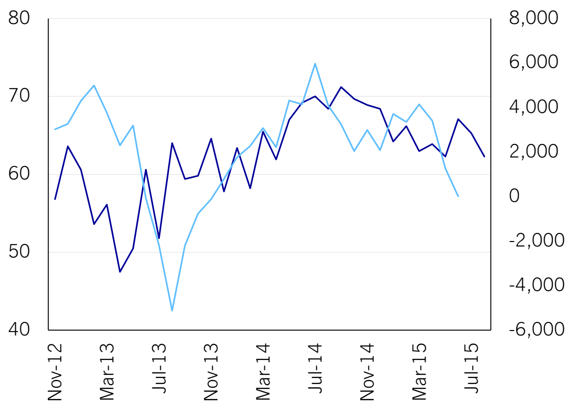
Input Prices



MNI India Input Prices: Future Expectations
Consumer Price Inflation Y/Y% (RHS)*

Source: *Central Statistics Office

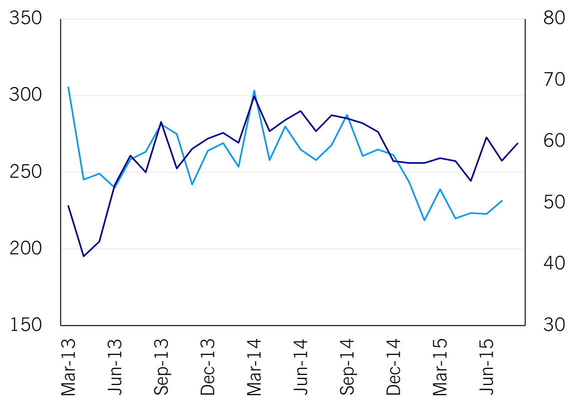
Business Sentiment and Foreign Inflows



MNI India Business Sentiment
Foreign Portfolio Investment Inflows 3MA (Million US $) (RHS)*

Source: *Reserve Bank of India

Export Orders

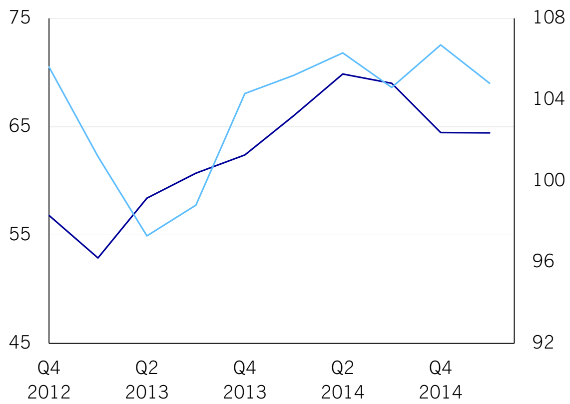


MNI India Export Orders (RHS)
Exports (FOB, Billion US $)*

Source: *Ministry of Commerce and Industry

Our Indicators Closely Track the RBI's Industrial Outlook Survey

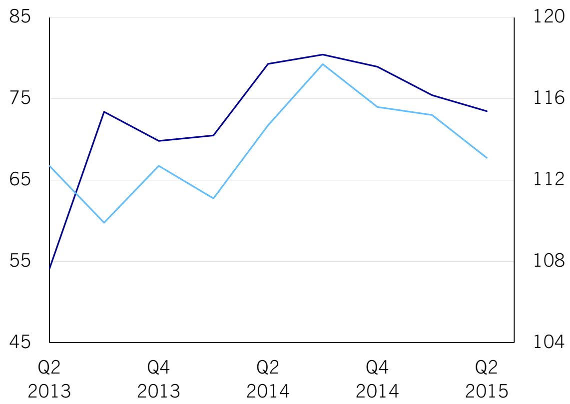
Business Sentiment (Current Conditions)



— MNI India Business Sentiment: Current Conditions
— Assessment of Overall Business Situation, FY (RHS)*

Source: *Reserve Bank of India Industrial Outlook Survey

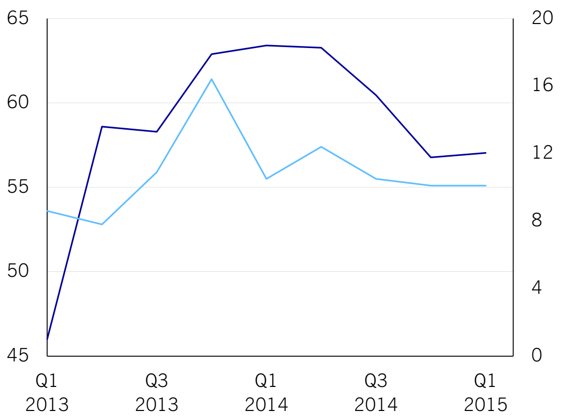
Business Sentiment (Future Expectations)



— MNI India Business Sentiment: Future Expectations
— Business Expectation Index: Expectation for Next Quarter, FY (RHS)*

Source: *Reserve Bank of India Industrial Outlook Survey

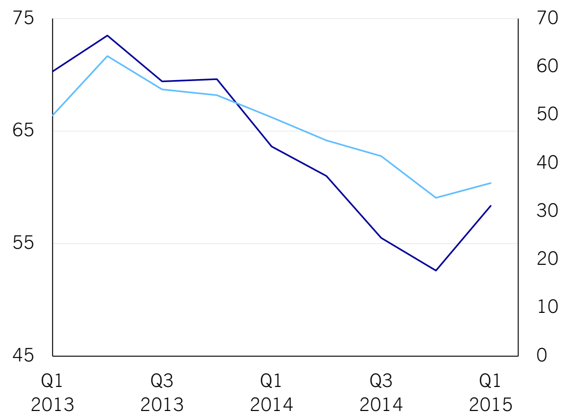
Export Orders



— MNI India Export Orders
— Exports: Assessment for Current Quarter, FY (RHS)*

Source: *Reserve Bank of India Industrial Outlook Survey

Input Prices



— MNI India Input Prices
— Cost of Raw Materials: Assessment for Current Quarter, FY (RHS)*

Source: *Reserve Bank of India Industrial Outlook Survey

The fall in sentiment was observed across both manufacturing and construction companies...

...while sentiment among service sector companies remained more-or-less stable.

Indicators

Fewer companies were optimistic about the current business environment in August as subdued domestic demand offset the positive impact of lower inflation and interest rates.

MNI India Business Indicator
Business Confidence Weakens Again

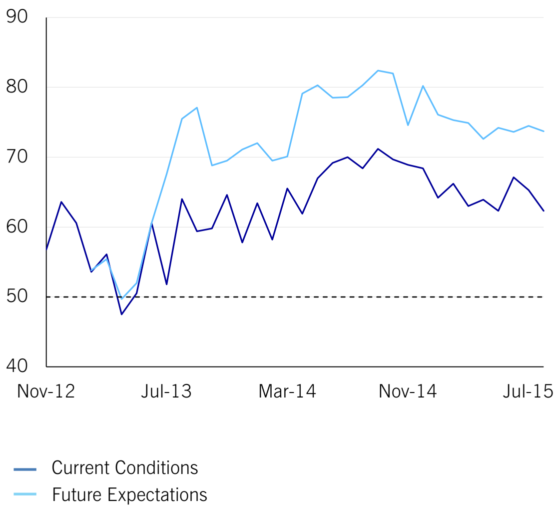
Fewer companies were optimistic about the current business environment in August as subdued domestic demand offset the positive impact of lower inflation and interest rates. The MNI India Business Sentiment Indicator, a gauge of current sentiment among BSE-listed companies, fell by 4.6% to 62.3 in August from 65.3 in July. The fall in sentiment was observed across both manufacturing and construction companies, while sentiment among service sector companies remained more-or-less stable.

Confidence has now declined for two consecutive months, wiping out the gains made in June on the back of the rate cut by the Reserve Bank of India and leaving the indicator 8.9% down on the year and 3% below the level seen at the start of 2015. This month's fall placed the indicator at exactly the May outturn which was the lowest since April 2014, just one month prior to the pro-business Narendra Modi being sworn in as Prime Minister, suggesting the government needs to accelerate the pace of reforms to satisfy the needs of businesses.

Looking deeper into the survey, it is evident that the decline in business confidence was driven by lacklustre domestic demand. New Orders were flat on the month and consequently production rose just marginally.

Companies faced lower prices for raw materials and other inputs given the recent fall in crude oil prices. While some companies reported that they had passed on these cost savings to their customers, several reported that they had cut their prices more sharply owing to high competition amid the weak demand backdrop. This may well explain the fall in the Financial Position Indicator to the lowest since October 2013, with a potential hit to company profit.

MNI India Business Sentiment Indicator



"Textile industry is weak." **Clothing and accessories manufacturing company**

"Selling prices are not supportive in the sugar industries." **Food products manufacturing company**

"It was period of poor bookings." **Hotelier**

"We are in automobile industry and its not doing well from couple of years." **Auto manufacturing company**

MNI India Business Indicator

	Aug-14	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15
Current Conditions	68.4	63.0	63.9	62.3	67.1	65.3	62.3

One silver lining in this month's survey was the pick-up in overseas demand. Improvements in advanced economies combined with the recent weakening in the rupee helped the Export Orders Indicator to rise 4.9% to 59.7 in August.

While the MNI India Business Indicator stands significantly above the levels seen in 2013 when India was in the midst of a currency crisis, the downturn in sentiment serves as a note of caution to some of the more optimistic forecasts for Indian growth. The MNI India BSI, Production and New Orders in the June quarter of 2015 as a whole remained almost flat for the second consecutive quarter, and were below the level recorded in the June quarter of 2014 pointing to weak economic growth.

Companies were also less optimistic about the next three months with the Expectations Indicator falling slightly to 73.7 in August, offsetting last month's rise to 74.5. Meanwhile, companies were more bullish about production, orders and employment over the next three months when demand is expected to rise during the festival period starting in October.

In August, nine out of the 15 current conditions indicators included in the survey declined and four were below the 50 level that separates expansion from contraction. Eight future expectations indicators fell and three were in contraction.

Sectors - Overall Business Conditions

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

"Overall business conditions are poor because of low purchasing power of customers and less demand in the market." **Non-durable household products manufacturing company**

"Raw material prices are higher and market prices for the business are on the lower side." **Food products manufacturing company**

MNI India Business Indicator

	Aug-14	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15
Future Expectations	80.3	74.9	72.6	74.2	73.6	74.5	73.7

Orders
Foreign Demand Rises

While the weaker rupee helped bring in more orders from abroad in August, the total number of orders received by our panel was more-or-less unchanged in a sign that domestic demand remained weak.

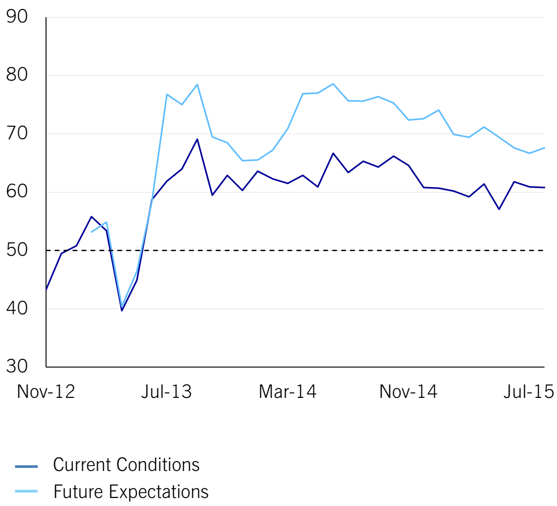
The New Orders Indicator remained almost flat at 60.8 in August compared with 60.9 in July. The indicator has remained above the 50 mark since June 2013, however, it has maintained a flat profile suggesting demand is not accelerating and remains relatively lacklustre.

The New Orders Indicator, which was down by 6.9% on the year in August, has a good correlation with the official data on domestic cargo handled at Indian airports which serves as a proxy for demand for goods. Latest data showed that cargo handled rose 8.3% in the three months to June compared with a year earlier, the slowest pace of growth since September 2013. Since domestic cargo handled at airports has consistently grown at an average of 15% over the past year, our data suggests the decline in cargo handled is more than a temporary lull.

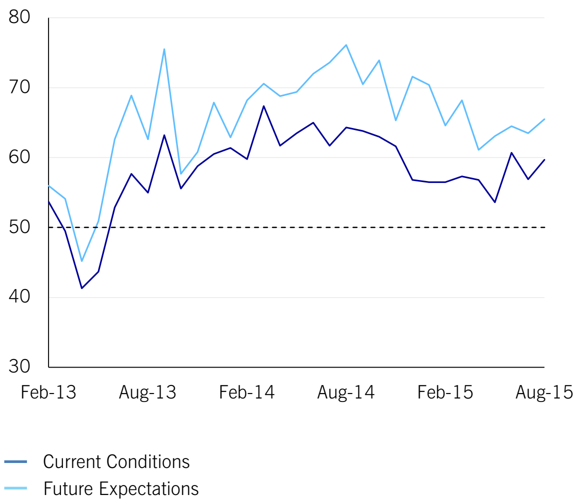
With the festival period approaching, our panel was slightly more optimistic about orders in the coming three months with the Expectations Indicator for New Orders rising for the first time in four months to 67.6 in August from 66.7 in July.

Growth in advanced economies has picked up in recent months while the rupee has weakened quite considerably, causing demand for Indian goods and services to rise as they become more competitive internationally. The Export Orders Indicator rose by 4.9% to 59.7 in August from 56.9 in July, 5.7% above the outturn of 56.5 in January 2015 and also above the series average of 58.1. Companies also anticipated that export demand would

New Orders



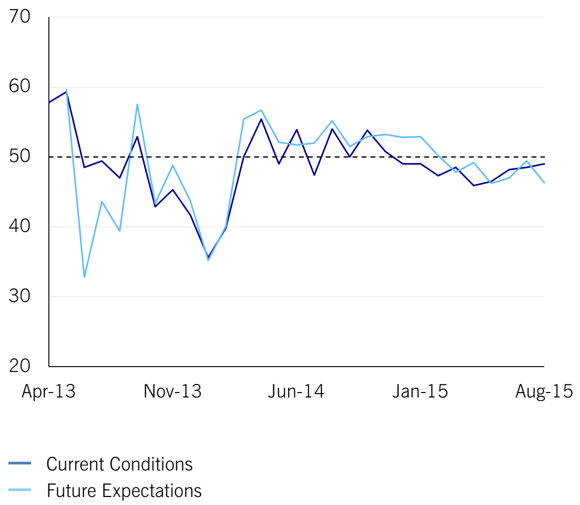
Export Orders



Orders - Current Conditions

	Aug-14	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15
New Orders	65.3	59.2	61.4	57.1	61.8	60.9	60.8
Export Orders	64.3	57.3	56.8	53.6	60.7	56.9	59.7
Order Backlogs	54.0	48.5	45.9	46.5	48.2	48.5	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 better demand for products in foreign countries." **Building materials and fixtures company**

"There is a downtrend in market; demand is less." **Iron and steel manufacturing company**

"Some additional orders were processed so were reduced a bit." **Electronic equipment manufacturing company**

"We are expanding our business, 70% revenue comes from exports." **Pharmaceutical manufacturing company**

rise over the coming months, with the Expectations Indicator rising to 65.5 in August from 63.5 in July.

Fewer incoming orders in August meant that the pressure on companies' order books remained stable. The Order Backlogs Indicator stood at 49.0 compared with 48.5 in July. While it was the ninth consecutive month of contraction, the pressure on backlogs has started to increase gradually in recent months and now stands at the highest level since January. In contrast, companies anticipated that they would have fewer backlogs in the future, with the Expectations Indicator falling to 46.3 in August from 49.4 in July, owing to more optimistic expectations for both their production and productive capacity in the coming three months.

Orders - Future Expectations

	Aug-14	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15
New Orders	75.6	69.4	71.2	69.4	67.6	66.7	67.6
Export Orders	76.1	68.2	61.1	63.1	64.5	63.5	65.5
Order Backlogs	55.2	47.8	49.2	46.2	47.0	49.4	46.3

Output and Employment
Production at a Two-Month High

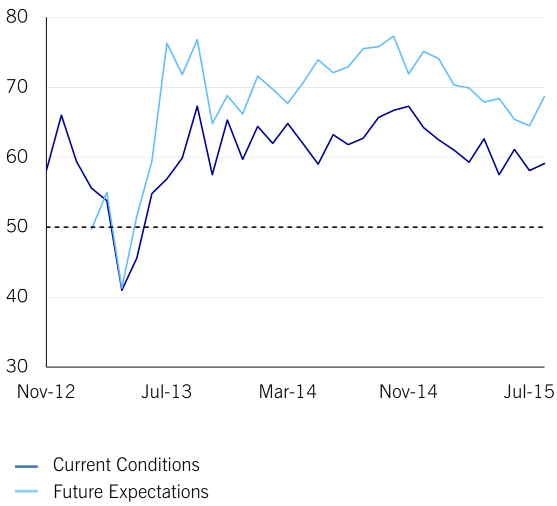
Firms reported little change in their production, productive capacity and workforce in August compared with last month but were more optimistic about the coming three months.

While the Production Indicator rose by 1.7% to 59.1 in August from 58.1 in July, it remained below the series average of 60.2 and the outturn of 62.7 seen in August 2014. The rise in confidence was driven by service sector companies, partly offsetting last month's decline which coincided with the conclusion of the summer vacation period. Production has trended down since last year, with the three-month average for July the lowest in almost two years. The rise this month may be driven by preparations for the busy festival season that starts in October although the expansion in output is slower than would typically be expected for this time of year.

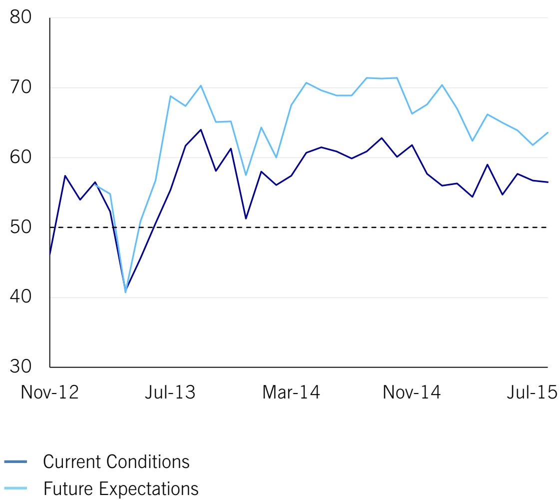
Companies across all three sectors were more optimistic for the next three months as they planned on expanding their output to meet the anticipated rise in demand that accompanies the festival season. The Expectations Indicator rose to 68.7 in August from 64.5 in July, the highest since March.

Since the end of last year, an increasing number of companies have begun scaling back their productive capacity in a likely effort to cut costs amid the cooling in demand. Indeed, the Reserve Bank of India has acknowledged the weakness in productive capacity among companies at its previous monetary policy meetings, which is indicative of slack in the economy. The Productive Capacity Indicator stood at 56.5 in August compared with 56.7 in July and was 7.2% below the outturn of 60.9 in August 2014. Companies were, however, more optimistic about their productive capacity in the next three months, with the Expectations Indicator

Production



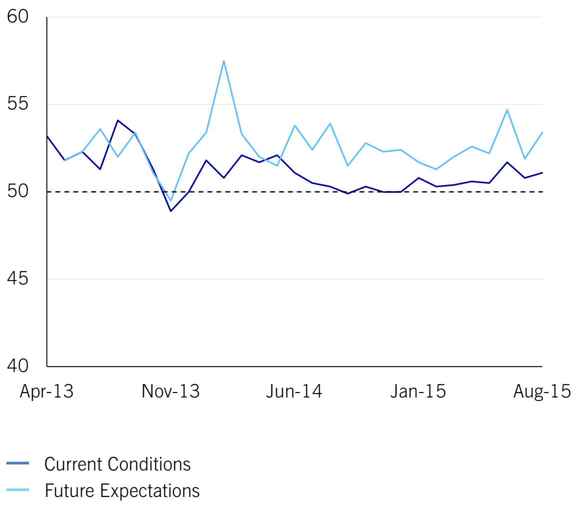
Productive Capacity



Output and Employment - Current Conditions

	Aug-14	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15
Production	62.7	59.3	62.6	57.5	61.1	58.1	59.1
Productive Capacity	60.9	54.4	59.0	54.7	57.7	56.7	56.5
Employment	50.3	50.4	50.6	50.5	51.7	50.8	51.1

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

"It is the peak season for our business." **Containers and packaging manufacturing company**

"We are recruiting new employees for new stores." **Apparel retailing company**

"There is good number of orders in hand and fund availability is much better, so our production has increased." **Real estate holding and development service company**

"Productive Capacity is lower due to lean season for the construction business." **Iron and steel manufacturing Company**

rising to 63.6 and offsetting last month's decline to 61.8.

The Employment Indicator rose to 51.1 in August from 50.8 in July. Companies' sentiment towards hiring has started to recover, albeit at a slow pace, with the indicator 1.6% above the level in August 2014. There was a rise in demand for workers in the construction and service sectors, while manufacturing sector companies had employees roughly around the right level. In anticipation of higher demand, companies also scaled up their hiring plans for the coming three months with the Expectations Indicator rising by 2.9% to 53.4 in August from 51.9 in July.

Output and Employment - Future Expectations

	Aug-14	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15
Production	75.5	69.9	67.9	68.4	65.4	64.5	68.7
Productive Capacity	71.4	62.4	66.2	65.0	63.9	61.8	63.6
Employment	53.9	52.0	52.6	52.2	54.7	51.9	53.4

Prices

Prices Charged Contract

Raw material costs eased for the second consecutive month in July, bringing some relief to companies which have struggled to raise the prices of their own goods and services due to the competitive environment.

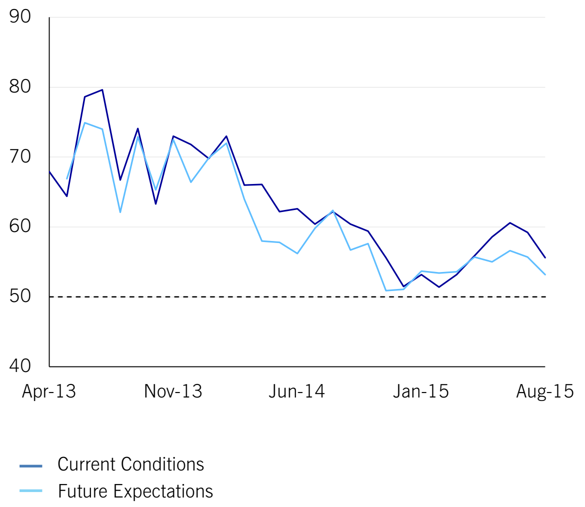
After peaking in July 2013, our panel's costs had trended down in line with the decline in inflation and fall in global oil prices. This trend has since reversed in 2015 with many of our panel reporting that their input prices had increased on the back of rising commodity prices. However, crude oil prices have recently fallen quite considerably which should help to mitigate the previous rise in input costs.

The Input Prices Indicator fell to 55.6 in August from 59.2 in July, the lowest since March. While the indicator was 10.6% below the level last year, it has grown 4.5% since the start of the year. In all three sectors, fewer companies faced higher input prices with the indicator for construction companies registering at exactly the 50 level, the lowest level since August 2013. Fewer companies anticipated that input prices would rise in the coming three months, evidenced by the easing in the Future Expectations Indicator to 53.2 in August from 55.7 in July.

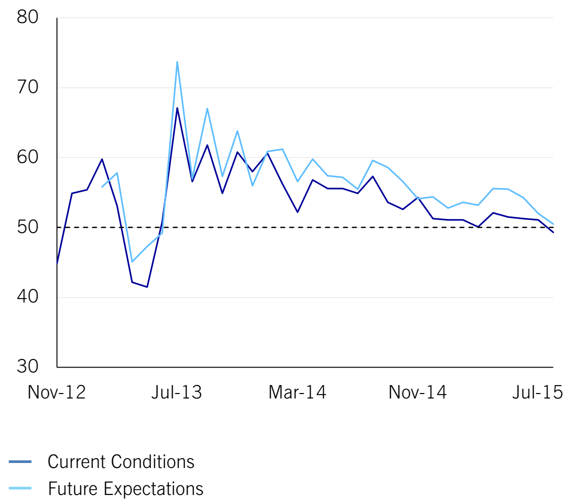
Consumer price inflation surprisingly fell to an eight-month low of 3.8% on the year in July from 5.4% in June driven by food price inflation (46% of the CPI basket) which eased to 2.2% in July from 5.5% in the previous month. Fuel inflation also eased to 5.4% from 5.8% in June. After stripping out the volatile food and fuel measures, core inflation also eased to 4.5% in July.

Intense competition and subdued demand have prevented many companies from raising the prices of their goods and services for a considerable amount of

Input Prices



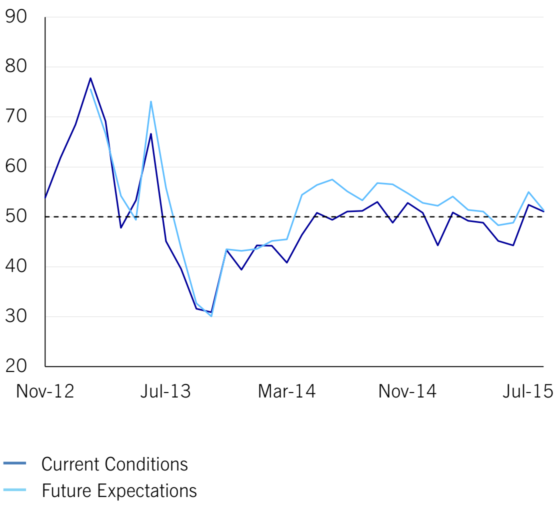
Prices Received



Prices - Current Conditions

	Aug-14	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15
Input Prices	62.2	53.2	55.9	58.6	60.6	59.2	55.6
Prices Received	57.3	50.1	52.1	51.5	51.3	51.1	49.3
Exchange Rate	51.2	49.2	48.8	45.2	44.3	52.4	51.1

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

"Input prices are lower due to fall in crude oil price." **Clothing and accessories manufacturing company**

"Competition is high, so we have to offer competitive prices." **Speciality chemicals manufacturing**

time. After a period of stability, the Prices Received Indicator fell into contraction to 49.3 in August from 51.1 in July. This is the first time since May 2013 that the indicator has fallen below the 50 breakeven level as some companies failed to raise prices owing to high competition and weak demand while others passed on lower input prices to customers. The decline was driven solely by manufacturing sector companies, with a record proportion of companies cutting their prices while both construction and service sector companies raised their prices.

According to our panel, the depreciation of the rupee had a less favourable impact on business operations in August. The rupee was 1.5% down against the US dollar in August compared with the previous month and has fallen 3% since the start of the year. The indicator which measures the Effect of the Rupee Exchange Rate fell to 51.1 in August following a sharp rise to 52.4 in July.

Moreover, our panel anticipated that the exchange rate would be significantly less favourable to their operations in the coming three months. The Expectations Indicator fell 6.7% to 51.3 from 55.0 in July, led by lower optimism among manufacturing and service sector companies.

Prices - Future Expectations

	Aug-14	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15
Input Prices	62.4	53.6	55.7	55.0	56.6	55.7	53.2
Prices Received	59.6	53.2	55.6	55.5	54.3	52.0	50.5
Exchange Rate	53.3	51.4	51.1	48.3	48.8	55.0	51.3

Money and Credit

Financial Position Lowest Since October 2013

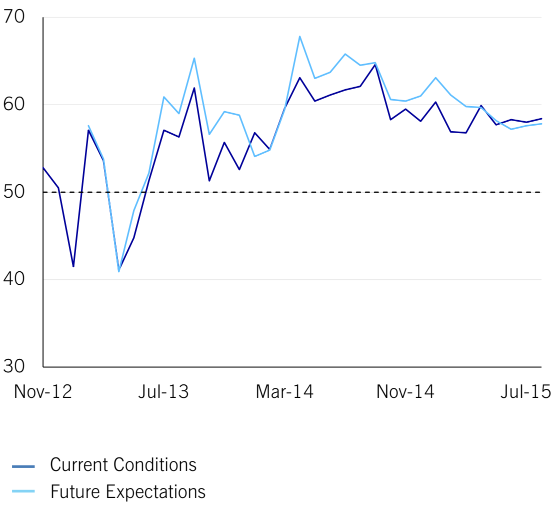
The cost of debt service has fallen dramatically since the start of the year following the interest rate cuts by the Reserve Bank of India, while companies' financial positions in aggregate have remained more-or-less stable.

The Interest Rates Paid Indicator fell to 44.4 in August from 45.5 in July, 12.6% down on the year. The indicator fell quickly at the start of the year and hit a record low in April following three rate cuts by the RBI, although since then it has maintained a flat profile. The RBI kept the repo rate unchanged at 7.25% on August 4 as it awaited fuller transmission of lower borrowing costs by commercial banks and was monitoring the outturn of the monsoon rains and their impact on inflation. While the RBI has cut the repo rate by 75 basis points since January, Indian banks have only trimmed their lending rates marginally in order to increase profitability. HDFC, India's largest housing finance company, and ICICI, the second largest bank in India, have lowered theirs by just 30 basis points each.

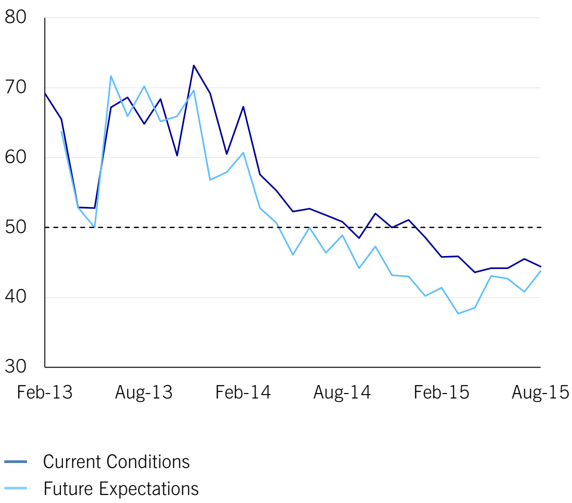
Fewer respondents anticipated interest rates to fall in the coming three months, with the majority expecting them to remain the same, signalling that many companies don't expect banks to pass on any more of the previous rate cuts. The Expectations Indicator rose by 7.4% to 43.8 in August from 40.8 in July.

The Availability of Credit Indicator rose slightly to 58.4 in August from 58.0 in July, but was still 6% below the outturn of 62.1 in August 2014 as a rise in bad loans has made banks more reluctant to lend to businesses. Companies remained optimistic in their outlook for credit availability over the coming three months. The Expectations Indicator stood broadly stable at 57.8 in August compared with 57.6 in the previous month,

Availability of Credit



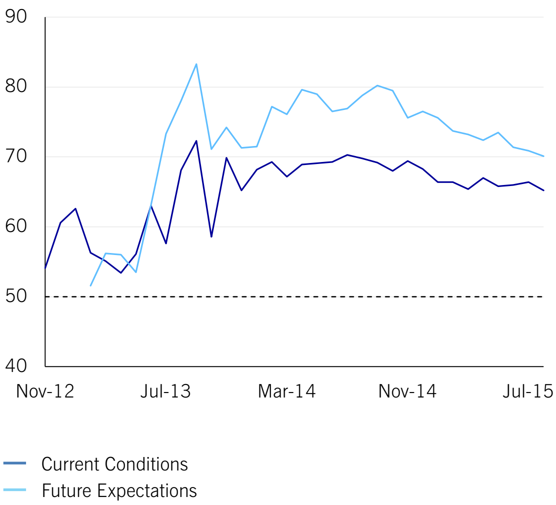
Interest Rates Paid



Money and Credit - Current Conditions

	Aug-14	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15
Availability of Credit	62.1	56.8	59.9	57.7	58.3	58.0	58.4
Interest Rates Paid	50.8	45.9	43.6	44.2	44.2	45.5	44.4
Financial Position	69.8	65.4	67.0	65.8	66.0	66.4	65.2

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

Return on investment is not good.” **Non-durable household products manufacturing company**

“Our credit rating has improved, so it’s easier to get credit.” **Clothing and accessories manufacturing Company**

“As business and turnover is increasing, more financial institutions are interested in investing money.” **Containers and packaging manufacturing company**

substantially below the outturn of 64.5 in August 2014 and 63.1 at the start of the year.

Whilst there were hopes that companies would see an improvement in their balance sheets following the election of the pro-business BJP party, instead their financial positions have worsened owing to weak domestic and global demand combined with the high level of interest rates in India. In August, the Financial Position Indicator fell to 65.2 from 66.4 in the previous month, 6.6% below the outturn of August 2014. The decline was across all sectors with construction companies the least confident about their financial situation.

Companies’ expectations for their future finances have followed a trend similar to that of their current financial position but have remained higher in level terms. In August, the Expectations Indicator fell to 70.1 from 70.9 in the previous month, the lowest level since June 2013.

Money and Credit - Future Expectations

	Aug-14	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15
Availability of Credit	64.5	59.8	59.7	58.2	57.2	57.6	57.8
Interest Rates Paid	48.9	37.7	38.5	43.1	42.7	40.8	43.8
Financial Position	78.8	73.2	72.4	73.5	71.4	70.9	70.1

Logistics
Supplier Delivery Times Contract

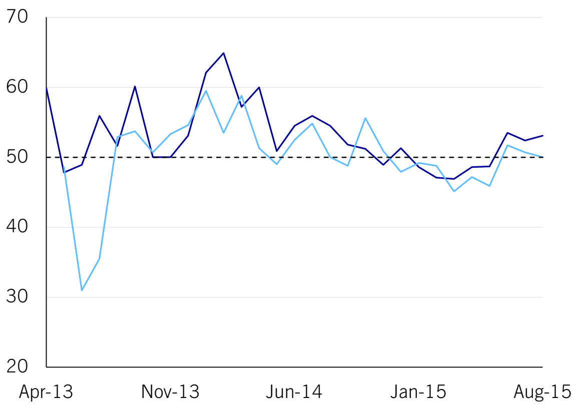
With fewer orders being received in August, companies' inventory holdings expanded while the time taken for their suppliers to deliver key inputs contracted.

The Inventories Indicator rose slightly to 53.1 in August from 52.4 in July as more companies accumulated stocks in the wake of more subdued orders this month. Both manufacturing and construction companies had higher inventories in August compared with the previous month.

Keeping in mind the upcoming festival season, companies expected to run down their stocks of goods over the coming months to meet any increased demand. Expectations for Inventories in three months' time fell to the 50.0 mark in August from 50.7 in July. Manufacturing companies expected to keep their inventories at just about the right level but construction companies expected to keep them at a level lowest since April.

Suppliers of key inputs took less time to deliver orders as there was less pressure amid weak demand, with the Supplier Delivery Times Indicator falling to 48.8 in August from 50.4 in July. Our panel of companies also anticipated that delivery times would shorten in the coming three months. The Expectations Indicator fell below the 50 breakeven level to 49.4 in August from 51.9 in July.

Inventories



"Inventories are higher due to limited orders." **Pharmaceutical manufacturing company**

"We expect supplier delivery times to shorten due to more demand for products." **Building materials and fixtures company**

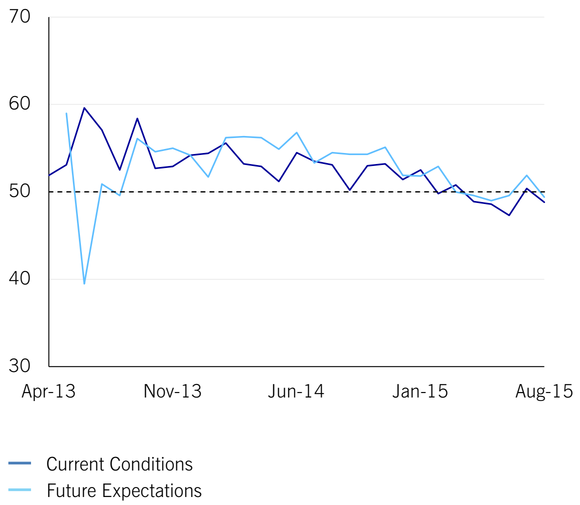
"We have to deliver orders on time so we have stocked in hand." **Non-durable household products manufacturing company**

"Since there is more demand, suppliers provide materials faster." **Auto parts manufacturing company**

Logistics - Current Conditions

	Aug-14	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15
Inventories	54.5	46.9	48.6	48.7	53.5	52.4	53.1
Supplier Deliveries	53.1	50.8	48.9	48.6	47.3	50.4	48.8

Supplier Delivery Times



"This is an off season so stocks are piling." **Pipes manufacturing company**

"We expect inventories to decline as product demand will increase in the coming months." **Apparels manufacturing company**

"Orders are lower still we are continuing to produce as we can't keep our workers idle." **Manufacturing company**

"We have ramped up production." **Speciality chemicals 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

	Aug-14	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15
Inventories	50.0	45.1	47.2	45.9	51.7	50.7	50.0
Supplier Deliveries	54.5	50.0	49.6	49.0	49.6	51.9	49.4

What the Panel Said

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

"Return on investment is not good." **Non-durable household products manufacturing company**

"Our credit rating has improved, so it's easier to get credit." **Clothing and accessories manufacturing company**

"Input prices are lower due to fall in crude oil price." **Clothing and accessories manufacturing company**

"Competition is high, so we have to offer competitive prices." **Speciality chemicals manufacturing company**

"We have foreign borrowings, so we have to pay interest and the current exchange rate is hurting us." **Containers and packaging manufacturing company**

"Raw material price is down so product rate is also down." **Speciality chemicals manufacturing company**

"There is better demand for products in foreign countries." **Building materials and fixtures company**

"There is a downtrend in market; demand is less." **Iron and steel manufacturing company**

"Some additional orders were processed so were reduced a bit." **Electronic equipment manufacturing company**

"We are expanding our business, 70% revenue comes from exports." **Pharmaceutical manufacturing company**

"There is poor demand in the auto industry." **Auto manufacturing company**

"Orders are on the verge of completion." **Pharmaceutical manufacturing company**

"We have expanded our business in foreign countries like UAE; we have a subsidiary over there." **Apparel retailing company**

"New foreign clients are being added." **Food products manufacturing company**

"Demand is low in the rainy season." **Speciality chemicals manufacturing company**

"Product demand has increased in Europe." **Pharmaceutical manufacturing company**

"LPG and crude oil prices have come down globally." **Industrial machinery company**

"Input prices are lower due to decrease in interest rates." **Bank**

"Market is competitive, so we have to lower prices to get orders." **Electronic equipment manufacturing company**

"Input prices are lower because of low material cost." **Electrical components and equipment manufacturing company**

"The rupee dollar rate reached 64, which is hurting us." **Food products manufacturing company**

"Prices charged are lower because there is less demand for our product in the market." **Diamond and gemstones manufacturing company**

"We have import business and dollar rate is increasing so it's hurting right now." **Speciality chemicals manufacturing company**

"Our business is seasonal and because of rains financial position is on a bad side." **Hotelier**

"Banks have cut base rates so we have a little advantage of it." **Consumer finance services company**

"As business and turnover is increasing, more financial institutions are interested in investing money." **Containers and packaging manufacturing company**

"We are facing liquidity crunch." **Real estate holding and development services company**

"Our business is struggling because product prices are not supportive for us." **Food products manufacturing company**

"We expect supplier delivery times to shorten due to more demand for products." **Building materials and fixtures company**

Data tables

Historical Summary

	2014					2015							
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
MNI India Business Indicator													
Current Conditions	68.4	71.2	69.7	68.9	68.4	64.2	66.2	63.0	63.9	62.3	67.1	65.3	62.3
Future Expectations	80.3	82.4	82.0	74.6	80.2	76.1	75.3	74.9	72.6	74.2	73.6	74.5	73.7
Production													
Current Conditions	62.7	65.7	66.7	67.3	64.2	62.5	61.0	59.3	62.6	57.5	61.1	58.1	59.1
Future Expectations	75.5	75.8	77.3	71.9	75.1	74.1	70.3	69.9	67.9	68.4	65.4	64.5	68.7
New Orders													
Current Conditions	65.3	64.3	66.2	64.6	60.8	60.7	60.2	59.2	61.4	57.1	61.8	60.9	60.8
Future Expectations	75.6	76.4	75.3	72.4	72.6	74.1	69.9	69.4	71.2	69.4	67.6	66.7	67.6
Export Orders													
Current Conditions	64.3	63.8	63.0	61.6	56.8	56.5	56.5	57.3	56.8	53.6	60.7	56.9	59.7
Future Expectations	76.1	70.5	73.9	65.3	71.6	70.4	64.6	68.2	61.1	63.1	64.5	63.5	65.5
Productive Capacity													
Current Conditions	60.9	62.8	60.1	61.8	57.7	56.0	56.3	54.4	59.0	54.7	57.7	56.7	56.5
Future Expectations	71.4	71.3	71.4	66.3	67.6	70.4	67.0	62.4	66.2	65.0	63.9	61.8	63.6
Order Backlogs													
Current Conditions	54.0	50.0	53.8	50.8	49.0	49.0	47.3	48.5	45.9	46.5	48.2	48.5	49.0
Future Expectations	55.2	51.5	52.9	53.2	52.8	52.9	50.2	47.8	49.2	46.2	47.0	49.4	46.3
Employment													
Current Conditions	50.3	49.9	50.3	50.0	50.0	50.8	50.3	50.4	50.6	50.5	51.7	50.8	51.1
Future Expectations	53.9	51.5	52.8	52.3	52.4	51.7	51.3	52.0	52.6	52.2	54.7	51.9	53.4
Inventories													
Current Conditions	54.5	51.8	51.2	48.9	51.3	48.6	47.1	46.9	48.6	48.7	53.5	52.4	53.1
Future Expectations	50.0	48.8	55.6	50.9	47.9	49.2	48.8	45.1	47.2	45.9	51.7	50.7	50.0
Input Prices													
Current Conditions	62.2	60.4	59.4	55.6	51.5	53.2	51.4	53.2	55.9	58.6	60.6	59.2	55.6
Future Expectations	62.4	56.7	57.6	50.9	51.1	53.7	53.4	53.6	55.7	55.0	56.6	55.7	53.2
Prices Received													
Current Conditions	57.3	53.6	52.6	54.3	51.3	51.1	51.1	50.1	52.1	51.5	51.3	51.1	49.3
Future Expectations	59.6	58.6	56.6	54.1	54.4	52.8	53.6	53.2	55.6	55.5	54.3	52.0	50.5
Financial Position													
Current Conditions	69.8	69.2	68.0	69.4	68.3	66.4	66.4	65.4	67.0	65.8	66.0	66.4	65.2
Future Expectations	78.8	80.2	79.5	75.6	76.5	75.6	73.7	73.2	72.4	73.5	71.4	70.9	70.1
Interest Rates Paid													
Current Conditions	50.8	48.5	52.0	50.0	51.1	48.6	45.8	45.9	43.6	44.2	44.2	45.5	44.4
Future Expectations	48.9	44.2	47.3	43.2	43.0	40.2	41.4	37.7	38.5	43.1	42.7	40.8	43.8
Effect of Rupee Exchange Rate													
Current Conditions	51.2	53.0	48.8	52.8	50.8	44.3	50.9	49.2	48.8	45.2	44.3	52.4	51.1
Future Expectations	53.3	56.8	56.5	54.7	52.8	52.2	54.1	51.4	51.1	48.3	48.8	55.0	51.3
Supplier Delivery Times													
Current Conditions	53.1	50.2	53.0	53.2	51.4	52.5	49.8	50.8	48.9	48.6	47.3	50.4	48.8
Future Expectations	54.5	54.3	54.3	55.1	51.9	51.8	52.9	50.0	49.6	49.0	49.6	51.9	49.4
Availability of Credit													
Current Conditions	62.1	64.6	58.3	59.5	58.1	60.3	56.9	56.8	59.9	57.7	58.3	58.0	58.4
Future Expectations	64.5	64.8	60.6	60.4	61.0	63.1	61.1	59.8	59.7	58.2	57.2	57.6	57.8

Historical Records

	2012 - Current			
	Minimum	Maximum	Mean	Median
MNI India Business Indicator				
Current Conditions	47.5	71.2	62.4	63.5
Future Expectations	49.7	82.4	71.7	74.2
Production				
Current Conditions	41.0	67.3	60.2	61.1
Future Expectations	41.3	77.3	67.9	69.9
New Orders				
Current Conditions	39.7	69.1	59.4	60.9
Future Expectations	40.4	78.6	68.6	69.9
Export Orders				
Current Conditions	41.3	67.4	58.1	58.8
Future Expectations	45.2	76.1	65.4	65.5
Productive Capacity				
Current Conditions	41.0	64.0	56.6	57.4
Future Expectations	40.7	71.4	64.2	66.2
Order Backlogs				
Current Conditions	35.6	59.3	48.8	49.0
Future Expectations	32.8	59.6	48.8	49.8
Employment				
Current Conditions	48.9	54.1	51.1	50.8
Future Expectations	49.5	57.5	52.6	52.3
Inventories				
Current Conditions	46.9	64.9	53.1	51.8
Future Expectations	31.0	59.5	50.1	50.7
Input Prices				
Current Conditions	51.4	79.6	63.3	62.2
Future Expectations	50.9	74.9	61.0	57.9
Prices Received				
Current Conditions	41.5	67.1	53.8	54.0
Future Expectations	45.1	73.7	56.4	56.0
Financial Position				
Current Conditions	53.4	72.3	65.0	66.4
Future Expectations	51.6	83.3	72.3	73.7
Interest Rates Paid				
Current Conditions	43.6	73.2	55.6	52.7
Future Expectations	37.7	71.7	51.7	49.5
Effect of Rupee Exchange Rate				
Current Conditions	30.9	77.8	50.0	49.3
Future Expectations	30.1	75.5	52.0	52.8
Supplier Delivery Times				
Current Conditions	47.3	59.6	52.6	52.9
Future Expectations	39.5	59.0	52.8	53.8
Availability of Credit				
Current Conditions	41.1	64.6	56.3	57.4
Future Expectations	40.9	67.8	58.9	59.5

Historical Records - Quarterly

	Q2 14	Q3 14	Q4 14	Q1 15	Q2 15	Quarterly Change	Quarterly % Change
MNI India Business Indicator							
Current Conditions	66.0	69.9	69.0	64.5	64.4	-0.1	-0.2%
Future Expectations	79.3	80.4	78.9	75.4	73.5	-1.9	-2.5%
Production							
Current Conditions	61.4	63.4	66.1	60.9	60.4	-0.5	-0.8%
Future Expectations	72.2	74.7	74.8	71.4	67.2	-4.2	-5.9%
New Orders							
Current Conditions	63.5	64.3	63.9	60.0	60.1	0.1	0.2%
Future Expectations	77.5	75.9	73.4	71.1	69.4	-1.7	-2.4%
Export Orders							
Current Conditions	63.4	63.3	60.5	56.8	57.0	0.2	0.4%
Future Expectations	70.1	73.4	70.3	67.7	62.9	-4.8	-7.1%
Productive Capacity							
Current Conditions	61.0	61.2	59.9	55.6	57.1	1.5	2.7%
Future Expectations	69.7	70.5	68.4	66.6	65.0	-1.6	-2.4%
Order Backlogs							
Current Conditions	52.8	50.5	51.2	48.3	46.9	-1.4	-2.9%
Future Expectations	53.5	52.9	53.0	50.3	47.5	-2.8	-5.6%
Employment							
Current Conditions	51.6	50.2	50.1	50.5	50.9	0.4	0.8%
Future Expectations	52.4	52.6	52.5	51.7	53.2	1.5	2.9%
Inventories							
Current Conditions	55.1	54.1	50.5	47.5	50.3	2.8	5.9%
Future Expectations	50.9	51.2	51.5	47.7	48.3	0.6	1.3%
Input Prices							
Current Conditions	63.6	61.0	55.5	52.6	58.4	5.8	11.0%
Future Expectations	57.3	59.6	53.2	53.6	55.8	2.2	4.1%
Prices Received							
Current Conditions	56.0	55.3	52.7	50.8	51.6	0.8	1.6%
Future Expectations	58.1	57.9	55.0	53.2	55.1	1.9	3.6%
Financial Position							
Current Conditions	69.1	69.8	68.6	66.1	66.3	0.2	0.3%
Future Expectations	78.4	78.6	77.2	74.2	72.4	-1.8	-2.4%
Interest Rates Paid							
Current Conditions	53.4	50.4	51.0	46.8	44.0	-2.8	-6.0%
Future Expectations	48.9	46.5	44.5	39.8	41.4	1.6	4.0%
Effect of Rupee Exchange Rate							
Current Conditions	48.9	51.8	50.8	48.1	46.1	-2.0	-4.2%
Future Expectations	56.1	55.1	54.7	52.6	49.4	-3.2	-6.1%
Supplier Delivery Times							
Current Conditions	52.9	52.3	52.5	51.0	48.3	-2.7	-5.3%
Future Expectations	56.0	54.0	53.8	51.6	49.4	-2.2	-4.3%
Availability of Credit							
Current Conditions	61.5	62.8	58.6	58.0	58.6	0.6	1.0%
Future Expectations	64.8	65.0	60.7	61.3	58.4	-2.9	-4.7%

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