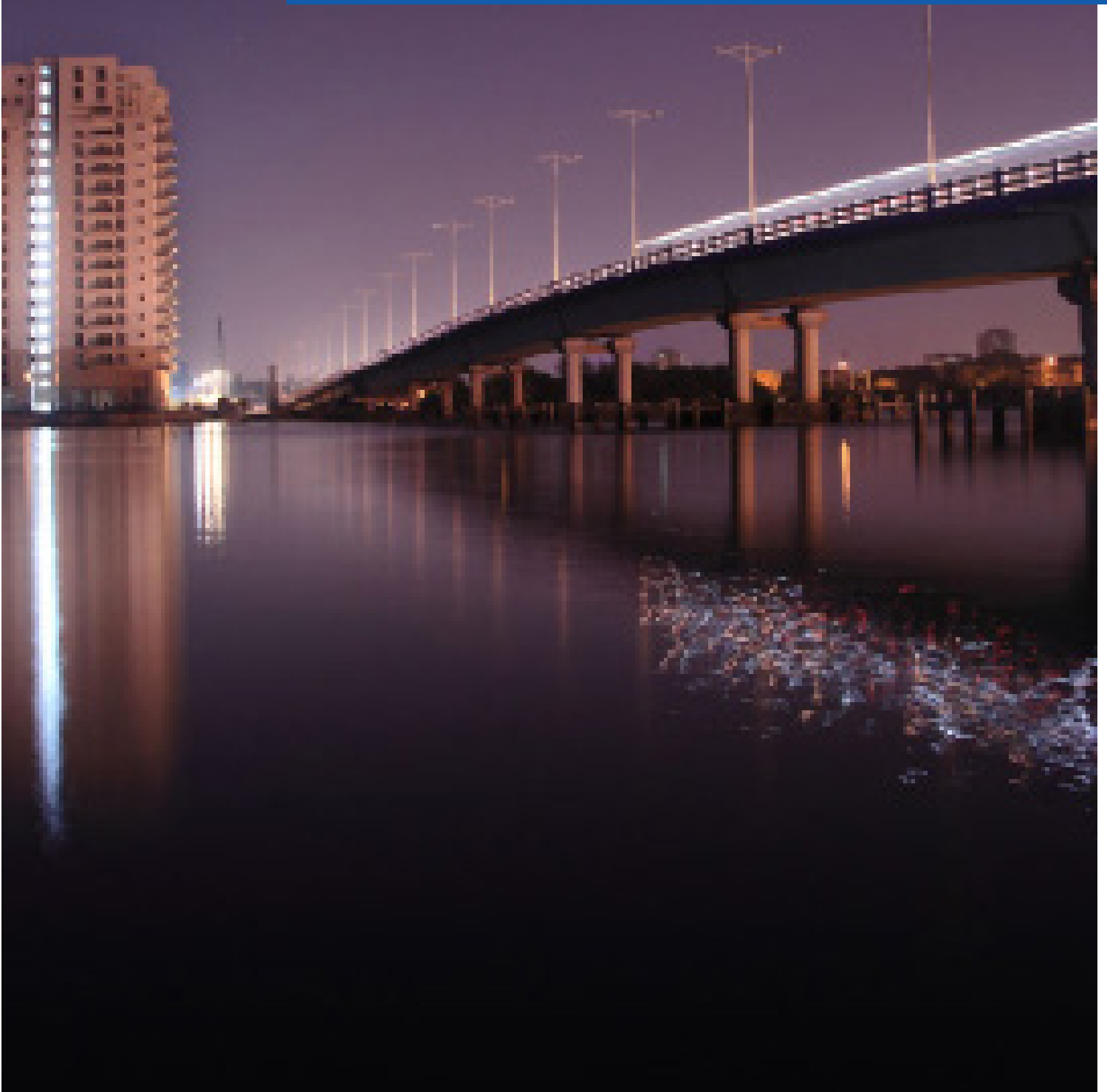


MNI India Business Report December 2013

Insight and data for better decisions



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.

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MNI India Business Report - December 2013

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Even though inflation accelerated further in November to the highest level for more than a year, the Reserve Bank of India surprised markets by not raising interest rates in December.

Even though inflation accelerated further in November to the highest level for more than a year, the Reserve Bank of India surprised markets by not raising interest rates in December. That doesn't mean they won't take the plunge early next year though.

Inflation, measured by the Wholesale Price Index, actually fell to 4.6% in May 2013, the lowest since November 2009, but has subsequently accelerated to 7.5%, not least due to spiralling food costs.

Following the decision not to tighten policy, the central bank said that it would remain vigilant, and left the door open to acting between policy reviews should inflation not ease as expected. But should the central bank tighten policy now if most of the recent rise is due to higher food prices?

The central bank can't do much about the rising cost of food staples such as onions or other vegetables which have leapt in price this year. They can only try to manipulate the demand side of the economy through monetary policy, and can do little to help on the supply side.

This suggests that the RBI should look through food price movements and base policy on a core measure of inflation which would exclude food and possibly other erratic items such as fuel.

This has been a point of contention with the central bank. The current governor, Raghuram Rajan, has not been particularly vocal on this topic, but the previous governor, Mr Subbarao, made it clear that excluding erratic items such as food and fuel would mean that the central bank would be ignoring 60% of the CPI basket. He has a point, although the latest rise in food prices appears to be less structural and more due to temporary supply issues.

At the current time, however, the argument matters less, as it is not just food price inflation which has accelerated recently. Non-food inflation increased to 7.6% in November, up from just 1.2% in August, possibly due to the depreciation in the currency seen earlier in the year. In the three months to November it

was up 1.9% compared with the previous month. That's an annualised rise of more than 7.5% and is where the central bank should focus its attention.

Our latest India Consumer Sentiment survey contains a mine of information on how consumers view the economy. On prices, the latest report showed that expectations for inflation in a year's time have risen sharply this year but dropped back in December after hitting a record high in November. It was a similar story for consumers' views on the current level of prices, a very tentative sign that inflation and inflation expectations may have turned the corner.

Philip Uglow

Chief Economist

MNI Indicators



Executive Summary

The MNI India Business Indicator fell 10.5% in December to 57.8, having hit a series high of 64.6 in November. As the festival season came to an end, most of the current indicators eased back to the levels seen in October.

The MNI India Business Indicator fell 10.5% in December to 57.8, having hit a series high of 64.6 in November. As the festival season came to an end, most of the current indicators eased back to the levels seen in October.

Eleven out of 15 current conditions indicators declined in December in a disappointing end to what has been a tough year for business, as economic growth has slowed sharply. The Business Indicator is some 10% lower than in December 2012.

The fall in the headline indicator was led by a sharp decline in business sentiment among manufacturing companies following a festival-led boost in November. Business confidence also fell among services and construction companies.

While GDP accelerated in the three months to September, the economy remains weak with manufacturing output down on the year, while inflation has remained uncomfortably high.

Expectations for business conditions in three months' time rose 2.3% on the month to 71.1, from 69.5 in November.

Production fell to 59.7 in December from the recent high seen in November, and looks to have plateaued in recent months following the sharp downturn between March and May.

New Orders slipped below the three month average to 60.3 in December from 62.9 previously, led by a decline in both the manufacturing and construction sectors. In contrast, Export Orders rose for the second consecutive month, to 60.5 in December, possibly helped by the depreciation in the currency seen this year.

The Productive Capacity Indicator dropped back sharply to 51.3 in December, the lowest level since June.

Order Backlogs decreased to 41.7 in December from

45.3 in November, the third consecutive month below the 50 breakeven mark, as customers' demand for goods and services weakened after the festival season pick-up.

The Employment Indicator rose back to the 50 mark in December, having hit a series low in the previous month and having fallen for three months in a row.

The Inventory level of Finished Goods Indicator rose to 53.1 in December, having stood at the 50 breakeven level in the past two months.

Both Input Prices and Prices Received eased in December. The former fell slightly to 71.8 in December, though it remained at a high level. Prices Received declined to 58.0 from 60.8 in November.

The Effect of the Rupee Exchange Rate Indicator decreased considerably to 39.4 in December from 43.4 in November, led by a sharp decline among service sector companies.

The cost of credit eased to 69.2 in December, having hit a record high of 73.2 in November following October's rise in official interest rates.

The Financial Position Indicator decreased to 65.2 in December, 6.7% down from 69.9 in November but 7.6% up from a year earlier. Manufacturing companies ended the year with the healthiest financial position.

Overview

	Oct -13	Nov -13	Dec -13	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
MNI India Business Indicator								
Current Conditions	59.8	64.6	57.8	-	Jul-13	60.7	-6.8	-10.5%
Future Expectations	68.8	69.5	71.1	Sep-13	-	69.8	1.6	2.3%
Production								
Current Conditions	57.5	65.3	59.7	-	Oct-13	60.8	-5.6	-8.6%
Future Expectations	64.8	68.8	66.2	-	Oct-13	66.6	-2.6	-3.8%
New Orders								
Current Conditions	59.5	62.9	60.3	-	Oct-13	60.9	-2.6	-4.1%
Future Expectations	69.5	68.5	65.4	-	Jun-13	67.8	-3.1	-4.5%
Export Orders								
Current Conditions	55.6	58.8	60.5	Sep-13	-	58.3	1.7	2.9%
Future Expectations	57.7	60.8	67.9	Sep-13	-	62.1	7.1	11.7%
Productive Capacity								
Current Conditions	58.1	61.3	51.3	-	Jun-13	56.9	-10.0	-16.3%
Future Expectations	65.1	65.2	57.5	-	Jun-13	62.6	-7.7	-11.8%
Order Backlogs								
Current Conditions	42.9	45.3	41.7	-	Mar-13	43.3	-3.6	-7.9%
Future Expectations	43.4	48.8	43.7	-	Oct-13	45.3	-5.1	-10.5%
Employment								
Current Conditions	51.3	48.9	50.0	Oct-13	-	50.1	1.1	2.2%
Future Expectations	51.1	49.5	52.2	Sep-13	-	50.9	2.7	5.5%
Inventories								
Current Conditions	50.0	50.0	53.1	Sep-13	-	51.0	3.1	6.2%
Future Expectations	50.7	53.3	54.6	series high	-	52.9	1.3	2.4%
Input Prices								
Current Conditions	63.3	73.0	71.8	-	Oct-13	69.4	-1.2	-1.6%
Future Expectations	65.3	72.5	66.4	-	Oct-13	68.1	-6.1	-8.4%
Prices Received								
Current Conditions	54.9	60.8	58.0	-	Oct-13	57.9	-2.8	-4.6%
Future Expectations	57.3	63.8	56.0	-	Jun-13	59.0	-7.8	-12.2%
Financial Position								
Current Conditions	58.6	69.9	65.2	-	Oct-13	64.6	-4.7	-6.7%
Future Expectations	71.1	74.2	71.3	-	Oct-13	72.2	-2.9	-3.9%
Interest Rates Paid								
Current Conditions	60.3	73.2	69.2	-	Oct-13	67.6	-4.0	-5.5%
Future Expectations	65.9	69.6	56.8	-	May-13	64.1	-12.8	-18.4%
Effect of Rupee Exchange								
Current Conditions	30.9	43.4	39.4	-	Oct-13	37.9	-4.0	-9.2%
Future Expectations	30.1	43.5	43.2	-	Oct-13	38.9	-0.3	-0.7%
Supplier Delivery Times								
Current Conditions	52.7	52.9	54.2	Sep-13	-	53.3	1.3	2.5%
Future Expectations	54.6	55.0	54.2	-	Aug-13	54.6	-0.8	-1.5%
Availability of Credit								
Current Conditions	51.3	55.7	52.6	-	Oct-13	53.2	-3.1	-5.6%
Future Expectations	56.6	59.2	58.8	-	Oct-13	58.2	-0.4	-0.7%

GDP expanded 4.8% in the third quarter while inflation accelerated further.

Inflation rose at the fastest pace since September 2012, rising to 7.5% in November.



Economic Landscape

Indian GDP accelerated to 4.8% on the year in the third quarter but industrial output contracted for the first time in four months in October. Inflation has gathered pace, but with growth still weak, the Reserve Bank of India kept the policy rate unchanged.

GDP expanded at a faster pace in the third quarter but growth remains weak. Industrial production fell in October and inflation accelerated to 7.5% in November. In spite of the rise in inflation the Reserve Bank of India decided not to raise interest rates in December, although the decision was close with Governor Raghuram Rajan warning that if inflation did not fall then monetary policy would need to be tightened.

More optimistic news came from the external sector. Recent government measures to curb gold imports have apparently been effective, and accompanied by lower oil imports, brought down the trade deficit in November. Exports continued to grow, but at a slower pace. For 2014, external demand is expected to grow faster.

GDP expands at 4.8% in the second quarter

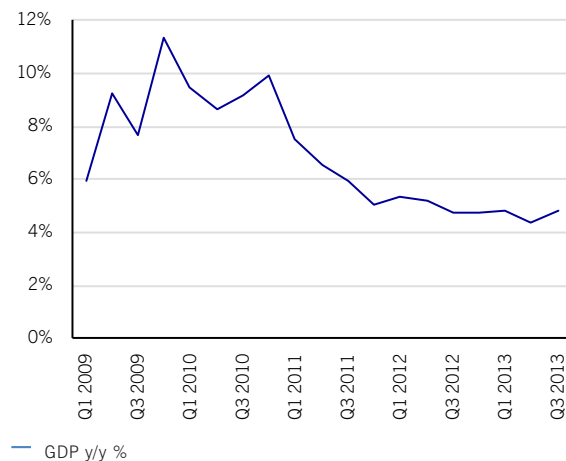
Economic growth in India accelerated to 4.8% on the year in the three months to September, up from 4.4% in the previous quarter, but down from 5.2% in the same period a year ago. Higher exports and a surge in investment were the main drivers of growth, expanding by 16.3% and 2.6% respectively, having both fallen by 1.2% in the three months to June.

Private consumption, the main component of Indian GDP, rose 2.2% in the three months to September, down from 3.5% in the same quarter last year but up from the 1.6% rise seen in the previous quarter.

Data on an output basis, however, showed that growth was partly boosted by a good monsoon, while manufacturing activity remained anaemic. Agricultural output rose 4.6% on the year, compared with 2.7% in the previous quarter. Manufacturing posted a 1% increase, up from a meagre growth rate of just 0.1% in the same period a year earlier, although moved back into positive territory following a decline of 1.2% in the three months to June.

The Reserve Bank of India lowered its growth forecast for the 2013-14 fiscal year to 5% from 5.5%.

Slowing Economic Growth



Source: Central Statistical Organisation, India

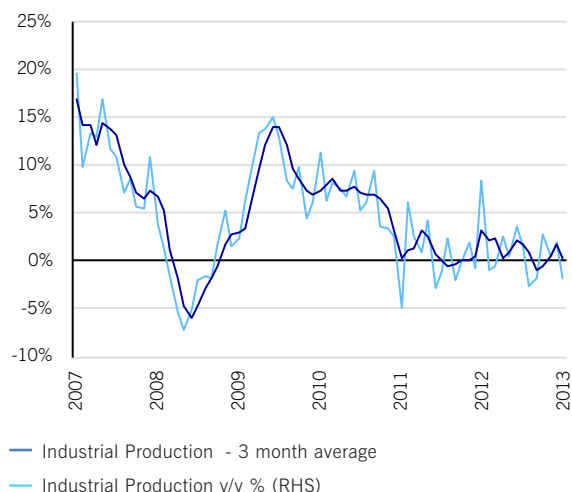
Industrial output declines

Industrial production contracted for the first time in four months, falling 1.8% on the year in October, driven by lower production of consumer durable goods, which decreased 12% on the year. Except for capital goods, all production sub-categories declined in October.

Manufacturing output fell 2% compared with a year earlier, down from 0.6% in September. Overall, ten out of the 22 industry groups within the manufacturing sector contracted in October. The furniture industry posted a 28.9% fall compared with October last year. Other industries such as office, accounting & computing machinery and communication equipment also contracted by more than 20% on the year.

Mining output fell 3.5% on the year in October following growth of 3.3% in September, and has now contracted 11 times in the past 12 months. Output of consumer durables, a measure of consumer demand, fell 12%, the eleventh consecutive decline. In contrast, capital goods output rose 2.3% in October, recovering from a 6.7% annual contraction in September.

Industrial Production



Source: Central Statistical Organisation, India

Inflation at 14-month high

India's headline rate of inflation, measured by the wholesale price index, increased to 7.5% in November from 7% in October, further above the government's end-year target of 5% and the highest since September 2012. Food price inflation rose at the fastest pace since June 2010, to 19.9% in November, having remained broadly unchanged at 18% in October and September. Onion prices were up a staggering 190% on the year, although this was down from a rise of 278% in September. Fuel prices rose by 11.3% on the year, compared with 10.3% in the previous month.

Non-food price inflation rose 2.1% in November after falling by 0.4% in October, well below the increase seen in food prices, but the highest rate since August 2012.

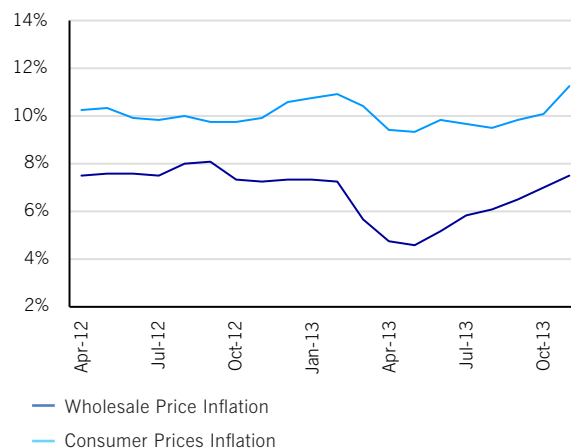
Consumer price inflation also accelerated further, to 11.2% in November, from 10.1% in October. Food price inflation, which has a weight of 45.7% in the index, rose 14.7% in the 12 months to November, compared with 12.6% in October. Vegetable prices picked up on the month, expanding 61.6% compared with a year earlier and 9.3% compared with October.

RBI maintains interest rate at 7.75%

In spite of the continued increase in inflation, the Reserve Bank of India kept the policy rate unchanged at 7.75% at its December meeting, citing high uncertainty about the short-term path of inflation, the weakness of the economy and the lagged impact of monetary policy on the economy. The bank said that there were indications that vegetable prices, which have risen considerably on the year, may be decreasing sharply.

The central bank's governor, Raghuram Rajan, warned, however, that the bank would hike interest rates if inflation does not fall in line with the expected trend. The bank next meets on January 28 to decide on the path of monetary policy.

Inflation Accelerates Further

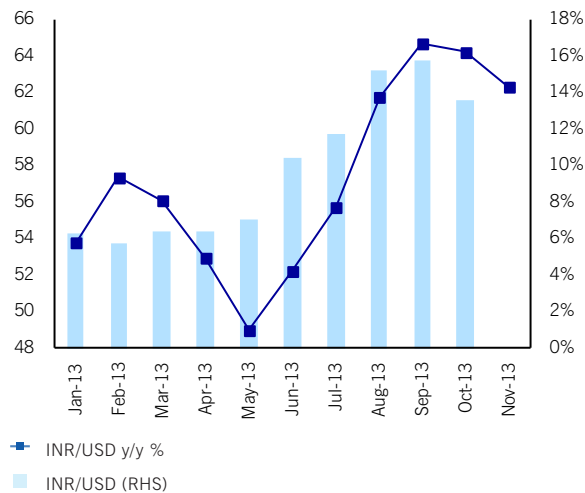


Source: MOSPI and Office of the Economic Advisor, India

Lower reserves

Foreign exchange reserves rose for the fifth consecutive week to a seven-month high, increasing hopes that the current account deficit may fall. Reserves rose to \$295.7 billion in the week ending December 6. Reserves have been boosted by the dollar swap window, which has contributed around \$34 billion. While the window shut on November 30, banks have continued to swap their dollar borrowings with the central bank.

Rupee Exchange Rate



Source: Reserve Bank of India

Moves by the RBI have greatly strengthened India's foreign exchange reserve position, leaving it less vulnerable to another run on the currency.

The rupee has bounced back. It was trading at 62 against the dollar on December 22 as sentiment was boosted by a record high turnout at elections and a strong performance by the Bharatiya Janata Party (BJP), seen as a pro-investment party.

Trade deficit shrinks

India's trade deficit narrowed to \$9.2 billion in November from \$10.5 billion in October as imports of oil, gold and silver decelerated. This was the second lowest monthly deficit this year, after a \$6.7 billion shortfall seen in September, and was less than half the level seen in November last year, when the trade deficit was \$19.7 billion.

Exports rose for the fifth straight month, but at a slower pace, up 5.9% from a year earlier to \$24.6 billion, but below October's \$27.3 billion outturn. Imports stood at \$33.8 billion, compared with \$37.8 billion in October, 16.4% down from a year earlier and the lowest level since February 2011. Crude oil imports rose \$12.9 billion, down from \$15.2 billion in October and 1.1% lower than November last year.

The current account deficit narrowed sharply to \$5.2 billion in the three months to September, down from \$21.8 billion in the previous quarter. As a share of GDP, the deficit reduced to 1.2% from 4.9% in the previous quarter, and 5% last year.

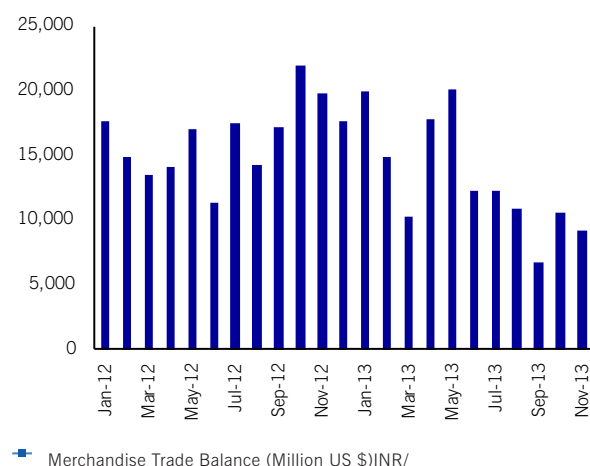
The government hopes to see the current account deficit fall to \$60 billion in the current fiscal year. Early indications are that the target will be reached.

Car sales down

Passenger car sales declined for the second consecutive month in November, to 142,849 units, 8.2% down from a year earlier. Sales of commercial vehicles fell 28.7% in November compared with the same period a year earlier.

According to the Society of Indian Automobile Manufacturers, the industry is facing a challenging time. From April to November, total domestic car sales were down 2.7% compared with the same period a year earlier, while automobile exports expanded by 5.5%.

Trade Deficit



Source: Reserve Bank of India



Indicators

The MNI India Business Indicator fell to 57.8 in December, having hit a series high of 64.6 in November. Eleven out of 15 current conditions indicators declined in December, a disappointing end to what has been a tough year for business.

MNI India Business Indicator

Confidence Falls Sharply



The MNI India Business Indicator fell 10.5% in December to 57.8, having hit a series high of 64.6 in November. As the festival season came to an end, most of the current indicators eased back to the levels seen in October.

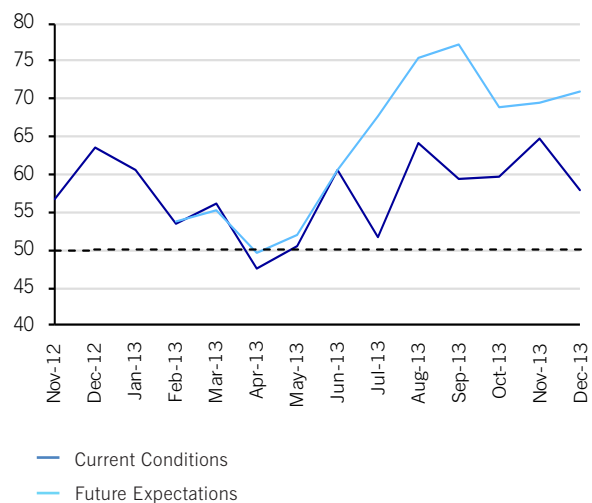
Eleven out of 15 current conditions indicators declined in December in a disappointing end to what has been a tough year for business as economic growth has slowed sharply. The Business Indicator is some 10% lower than in December 2012.

The fall in the headline indicator was led by a sharp decline in business sentiment among manufacturing companies following a festival led boost in November. Business confidence also fell among services and construction companies. In spite of the drop, the indicator remained above the 50 mark as most companies continued to report that their current business conditions were better or the same compared with a month earlier.

GDP growth accelerated to 4.8% on the year in the three months to September, up from the 4.4% rise seen in the previous quarter, but down from 5.2% in the same period a year. Even though wholesale prices inflation accelerated to 7.5% in November, the Reserve Bank of India left interest rates on hold in December, although warned that they will tighten policy if inflation and inflation expectations do not ease.

The Business Indicator has trended higher since falling to a low of 47.5 in April, below the breakeven 50 level for the only time since the series began in

MNI India Business Indicator



November 2012. Expectations have also increased sharply since April.

Expectations for business conditions in three months' time rose 2.3% on the month to 71.1 in December, having remained steady at around 69 in the past two months. Both manufacturing and service sector companies were more optimistic about the future, while expectations among construction firms remained stable. All three sectors, though, remained well above the breakeven level.

Four out of the 15 Future Expectations Indicators rose compared with the previous month, including Employment.

MNI India Business Indicator

	Dec-12	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13
Current Conditions	63.6	51.8	64.0	59.4	59.8	64.6	57.8
Future Expectations	-	67.6	75.5	77.1	68.8	69.5	71.1

Production

Declines After November Pick-Up



Production fell in December from the recent high seen in November, and looks to have plateaued in recent months following the sharp downturn between March and May.

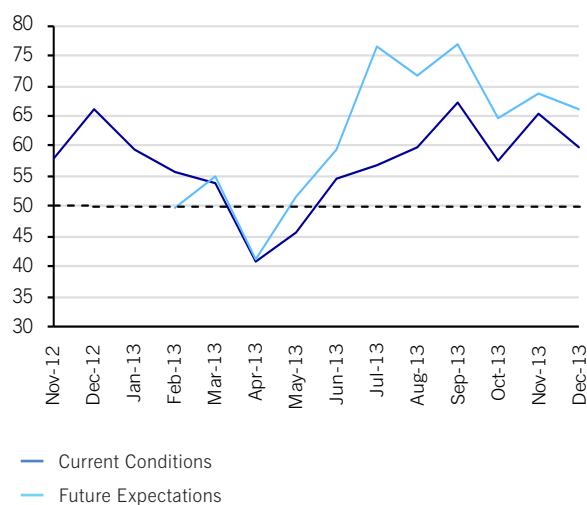
The Production Indicator declined to 59.7 in December from 65.3 in November. While Production is significantly higher than the low of 41.0 seen in April, it is still nearly 10% below the level recorded in December 2012.

All sectors showed a slowdown in output growth this month but all remained in expansion. The slowdown was most prominent in the construction sector, having picked up sharply in November. The pace of growth in manufacturing output outstripped that in the service sector.

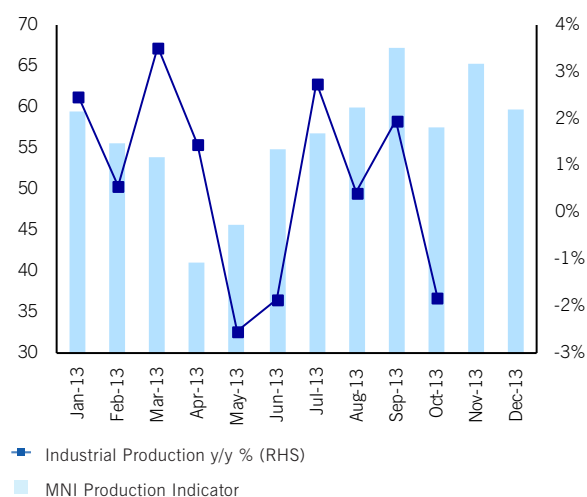
Official data on industrial production weakened in October, falling 1.8% on the year, with output of consumer durables falling sharply.

Companies' outlook for the next three months' remained broadly unchanged, with the Future Expectations Indicator for Production slipping to 66.2 in December from 68.8 in November.

Production



Industrial Production and MNI Production Indicator



Source: Central Statistical Organisation, India

Production

	Dec-12	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13
Current Conditions	66.0	56.9	59.9	67.3	57.5	65.3	59.7
Future Expectations	-	76.3	71.8	76.8	64.8	68.8	66.2

New Orders Down Slightly



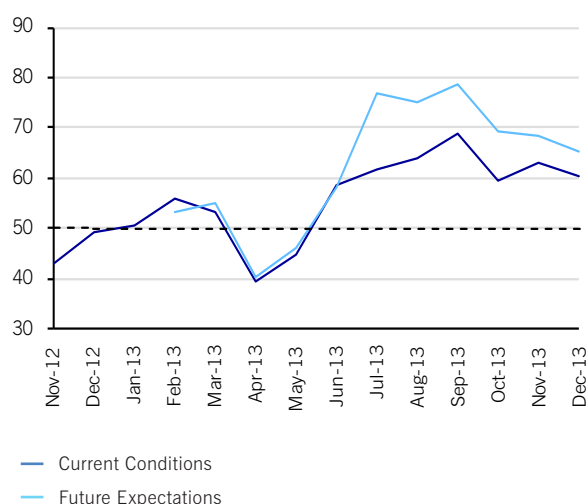
New Orders slipped below the three month average in December, led by a decline in both the manufacturing and construction sectors.

The New Orders Indicator fell 4.6% in December to 60.3 from 62.9 in November. While the indicator in the manufacturing and construction sectors fell, it remained above 50 and close to growth in the service sector where orders remained broadly unchanged from November to December.

Over the past six months, average growth in New Orders has been around 60 for all three sectors and the overall indicator has remained reasonably stable over the same period, having picked up sharply from the low of 39.7 seen in April. New Orders also now stand above the 49.5 figure recorded in December 2012.

Expectations for New Orders in three months eased to 65.4 from 68.5 in November, the weakest since June, continuing the seasonal slowdown following the pick-up seen prior to the festival season.

New Orders



"The company is getting new orders and hopes for good production." Containers & Packaging

"Company is gaining new orders so in near future business condition will be better." Auto Parts

"Market is down, there are no new orders." Electrical Components & Equipments

"Demand of cement has been increased therefore there are new orders." Building Materials & Fixtures

New Orders

	Dec-12	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13
Current Conditions	49.5	61.9	64.0	69.1	59.5	62.9	60.3
Future Expectations	-	76.8	75.0	78.5	69.5	68.5	65.4

Export Orders

Highest Since September



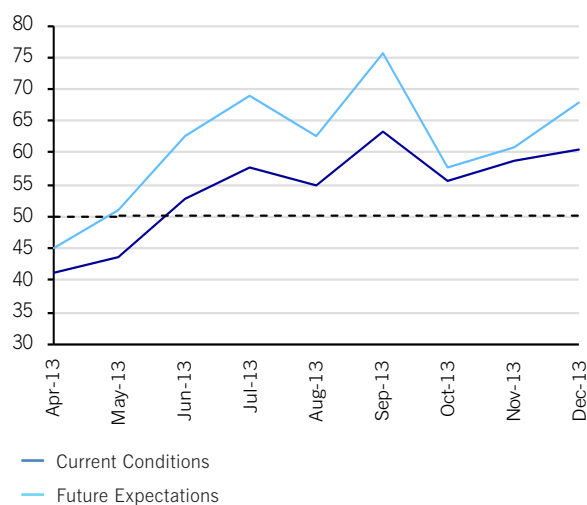
In contrast to the drop in overall New Orders, Export Orders rose for the second consecutive month in December, possibly helped by the depreciation in the currency seen this year.

The Export Orders Indicator increased 2.9% on the month to 60.5 in December from 58.8 in November, led by a sharp increase in orders in the manufacturing sector which offset a decline in activity in services.

Latest official trade data showed exports increased for the fifth consecutive month in November, rising 5.9% on the year. Given a slowdown in imports from lower oil, gold and silver imports, the trade deficit fell to the second lowest in 2013.

Companies' optimism about orders over the next three months picked rose to 67.9 in December, also the highest since September, up from 60.8 in November, led by increased optimism among manufacturers.

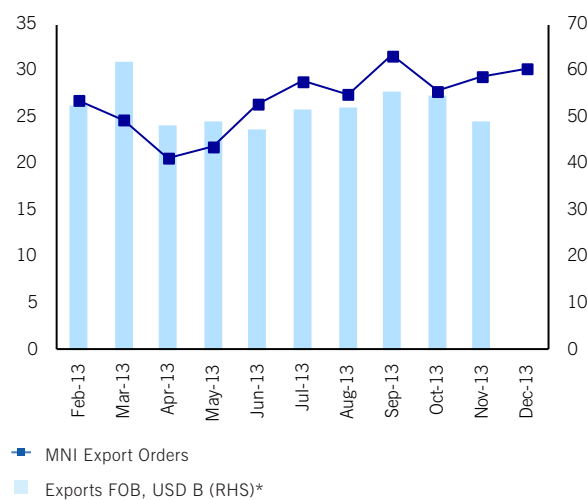
Export Orders



"Rupee exchange rate is helping the company because export orders are more." Electrical Components & Equipments

"Company is in 100% exports, so rupee exchange rate is helping the company." Speciality Chemicals

Official Indian Exports and Exports Orders



*Source: Indian Ministry of Commerce and Industry

Export Orders

	Dec-12	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13
Current Conditions	-	57.7	55.0	63.2	55.6	58.8	60.5
Future Expectations	-	68.9	62.6	75.5	57.7	60.8	67.9

Productive Capacity Falls Sharply



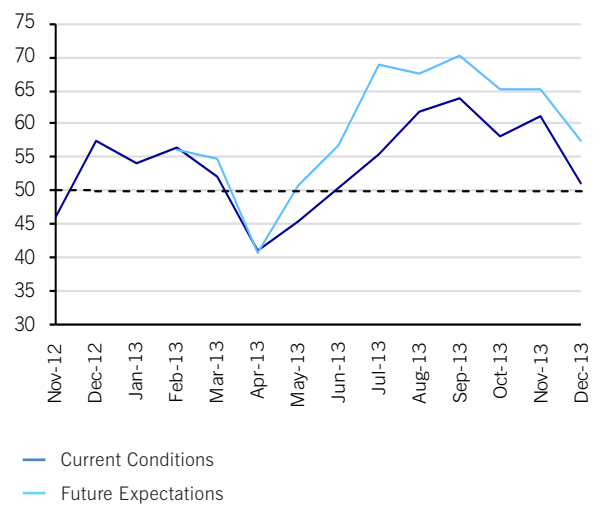
The Productive Capacity Indicator dropped back sharply in December to the lowest level since June, with all sectors showing a decline.

The indicator fell to 51.3 in December from 61.3 in November, still a little above the breakeven 50 level but below the three month average of 56.9.

Firms are asked whether their capacity is higher, the same or lower than the previous month and the indicator has been trending up since hitting a low of just 41.0 in April, but this month's outturn shows a marked slowdown.

Companies' expectations about the future fell to 57.5 from 65.2 in November, also the lowest since June.

Productive Capacity



Productive Capacity

	Dec-12	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13
Current Conditions	57.4	55.4	61.7	64.0	58.1	61.3	51.3
Future Expectations	-	68.8	67.4	70.3	65.1	65.2	57.5

The MNI India Business Indicator fell 10.5% in December, having hit a series high in November.

The fall was led by a sharp decline in business sentiment among manufacturing companies following a festival-led boost in November.

Order Backlogs

Fall Further Below 50



Order Backlogs fell in December, remaining in contraction for the third consecutive month, as customers' demand for goods and services weakened after the festival season pick-up. Expectations for order backlogs in three months' time also decreased nearly giving up November's gain.

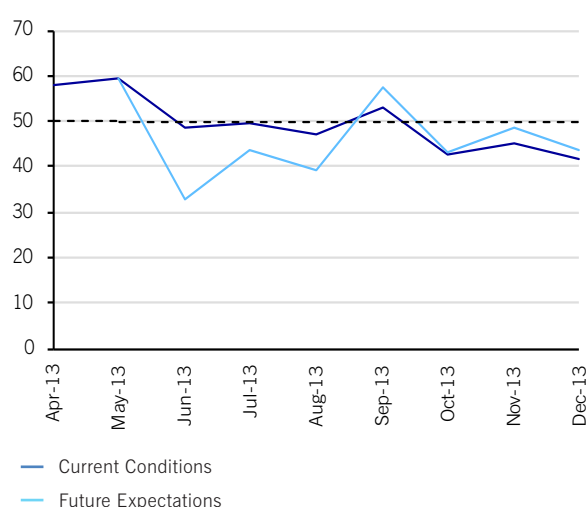
Order Backlogs decreased to 41.7 in December from 45.3 in November, a 7.9% fall, and the third consecutive month below the 50 breakeven mark as more companies said their level of backlogs was lower compared with a month earlier.

The rise in the Backlogs Indicator for manufacturing and construction companies was offset by a fall in the indicator for service sector companies. For the manufacturing and service sectors, the indicator has remained in contraction for three months in a row while in construction it has been below the 50 mark for the past two months.

Demand for goods and services during the festival period saw an increase in Production, New Orders and consequently Order Backlogs in September and November. In hand with the declines in Production and New Orders in December, Order Backlogs have also decreased.

The indicator ended the year at an average of 43.3 in the three months to December, 13.1% down from the third quarter when the indicator stood at an average of 49.8, and well below the 55.2 seen in the second quarter.

Order Backlogs



The Future Expectations Indicator fell considerably at the end of the year, to 43.7 in December from 48.8 in November, a 10.5% fall, giving up the 12.4% rise seen from October to November.

Order Backlogs

	Dec-12	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13
Current Conditions	-	49.4	47.0	52.9	42.9	45.3	41.7
Future Expectations	-	43.6	39.4	57.5	43.4	48.8	43.7

Employment

First Rise in Four Months



The Employment Indicator rose back to the 50 mark in December, after falling to a series low in the previous month and having declined for three months in a row. Expectations in three months' time also improved after two consecutive falls, with the indicator moving back above 50 to the highest since September.

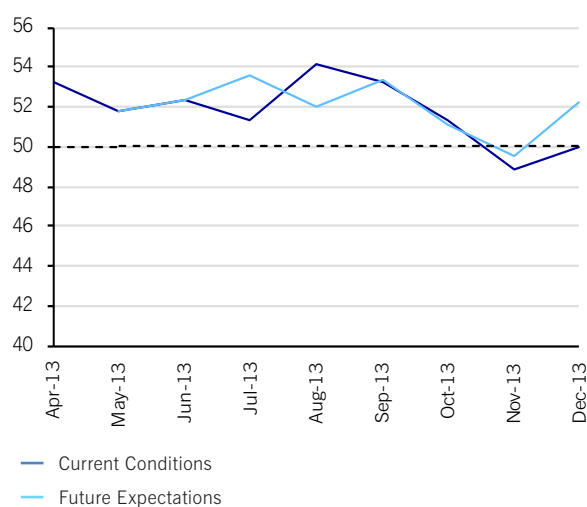
The Employment Indicator rose 2.2% on the month to 50.0 in December from a series low of 48.9 in the previous month. Although almost all companies surveyed continued to report that the number of employees they had was “just right”, there was a slight rise in the number of firms who said they didn't have enough employees.

The rise was led by manufacturing sector companies, where the indicator moved back above the 50 breakeven level in December. The Employment Indicator was unchanged in the construction sector, but was below the 50 mark for the second month in a row. While for the service sector, it remained broadly stable around the 50 level.

The Employment Indicator is below the level seen earlier in the year. While in the second quarter, it stood at 52.4 and in the third quarter it rose slightly to 52.6, it ended the year at 50.1 in the three months to December, suggesting that the labour market has weakened.

Employment expectations for manufacturing and services companies improved markedly from November to December, taking the overall expectations indicator back above 50 to the highest since September. The Expectations Indicator rose for the

Employment



first time in three months, to 52.2 in December from a series low of 49.5 in November, as more companies said they will hire new employees in the next three months.

In spite of December's gain, employment expectations fell from an average of 53.0 in the third quarter to an average of 50.9 in the fourth quarter.

“Business will be good in the coming two to three months due to the season, so we can hire more people.” Hotelier

Employment

	Dec-12	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13
Current Conditions	-	51.3	54.1	53.3	51.3	48.9	50.0
Future Expectations	-	53.6	52.0	53.4	51.1	49.5	52.2

Inventories

Expectations at Series High



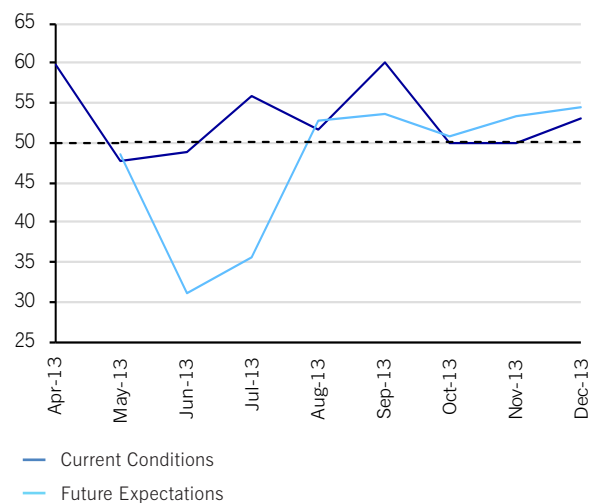
The Inventory level of Finished Goods Indicator rose to 53.1 in December, having stood at the 50 breakeven mark in the past two months. The proportion of companies who said their inventories were higher compared with a month earlier rose sharply from 12% in November to 21% in December.

The increase was led by manufacturing companies, where the indicator rose further above 50. Construction companies also reported higher inventories with the indicator rising above the 50 level, having been in contraction in the previous two months.

In spite of December's gain, in the fourth quarter the indicator was 8.8% down compared with the level seen in the previous quarter falling from 55.9 to 51.1.

Future expectations for the Inventory level for the next three months also increased in December to a series high of 54.6, up 2.4% from 53.3 in November, as fewer companies expected to decrease their level of inventories.

Inventories



"Inventory is falling because of the dollar rate hike." Containers & Packaging

"There are new orders. Inventory level of finished goods is falling because of quarterly dispatch." Electrical Components & Equipments

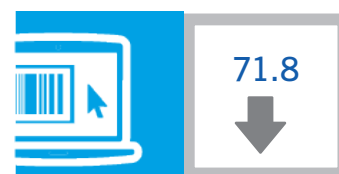
"Our inventory is increasing." Food Products Company

Inventories

	Dec-12	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13
Current Conditions	-	55.9	51.6	60.1	50.0	50.0	53.1
Future Expectations	-	35.5	52.9	53.7	50.7	53.3	54.6

Input Prices

Ease Slightly but Remain at High Level



After rising sharply in November, the Input Prices Indicator eased slightly in December but remained well above the 50 mark, as only a handful of companies surveyed reported input prices fell on the month. The Expectations Indicator fell considerably as fewer companies expected their input prices to increase in three months' time.

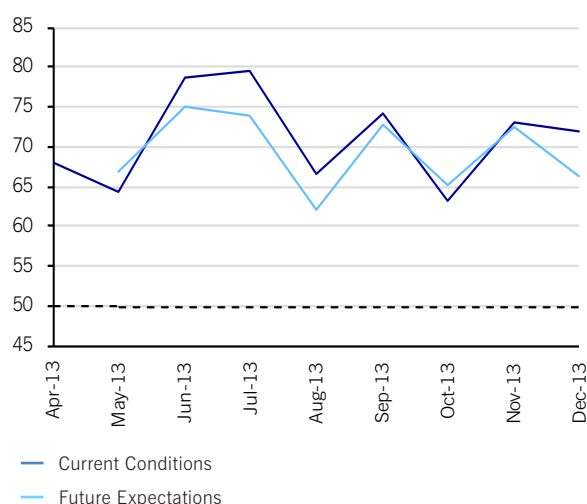
The Input Price Indicator decreased 1.6% on the month to 71.8 in December, having risen sharply to 73.0 in November from 63.3 in October. Companies continued to report elevated price levels for raw materials and transport.

For the manufacturing sector, the Input Prices Indicator fell slightly in December after increasing sharply from October to November. While the indicator eased, from October to December, the percentage of manufacturing companies who reported higher input prices almost doubled. Construction firms also reported a fall while the indicator remained stable in the service sector.

The Input Prices Indicator rose from 70.3 in the second quarter to 73.5 in the third quarter, but decreased to 69.4 in the fourth quarter. Although input prices have eased, they remain at high levels and have continued to add to production costs.

Expectations for three months' time also eased to 66.4 December, having accelerated sharply to 72.5 in November, led by a sharp decline of the percentage of manufacturing companies who said they expected input prices to be higher in three months' time.

Input Prices



The expectations indicator also fell sharply for construction companies, while it remained broadly unchanged for the service sector.

"Fuel and raw material prices have gone up, so less profitability." Furnishings

"The price of raw materials, like crude oil has gone up." General Mining

"The company imports goods, so due to rupee exchange rate fluctuations, input prices have been affected badly." Tobacco Industry

"Due to inflation, input prices are also going up." Building Materials & Fixtures

Input Prices

	Dec-12	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13
Current Conditions	-	79.6	66.7	74.1	63.3	73.0	71.8
Future Expectations	-	74.0	62.1	72.9	65.3	72.5	66.4

Prices Received

Expectations Ease Sharply



In line with the latest fall in Input Prices, the Prices Received Indicator eased slightly in December to 58.0 from 60.8 in November, but was still up 5.6% from the level seen a year earlier.

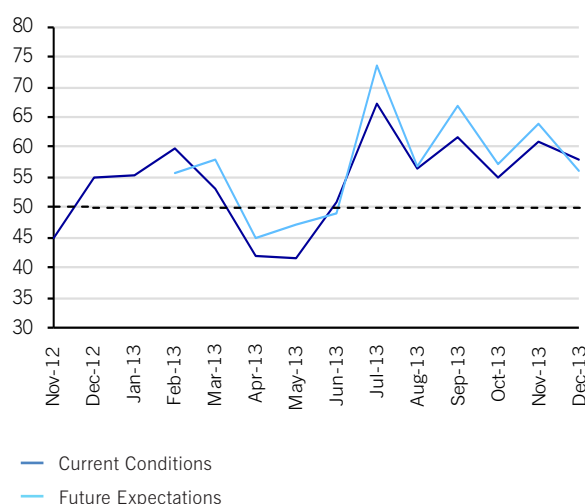
A sharp fall among construction companies led the decline in December. For the manufacturing sector, the Prices Received Indicator also fell from November to December, having risen sharply a month earlier, but remained well above the 50 mark for the second consecutive month. In contrast, the indicator remained unchanged for the service sector.

Although wholesale price inflation accelerated to 7.5% in November, the fastest pace since September 2012, the central bank held its policy rate at 7.75% in December, although warned that if inflation did not fall then it could tighten policy in the New Year.

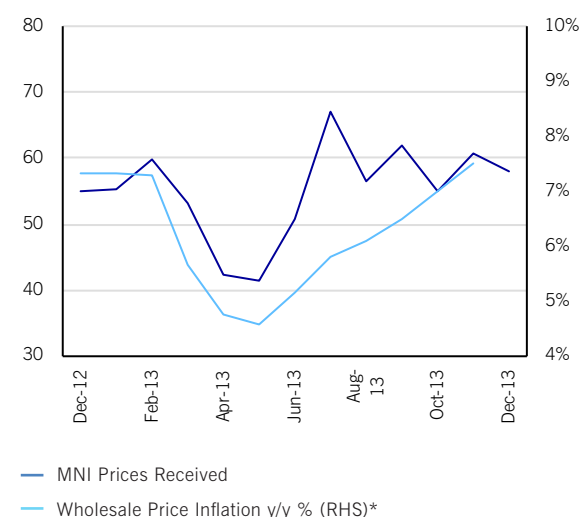
Prices Received has a good correlation with official inflation data. The indicator slipped below the 50 breakeven line in April and May, when official consumer prices eased, and has risen sharply since then, well above the 50 mark, in line with the acceleration in inflation seen in the latest months.

Companies expect the prices they charge to ease during the first quarter of 2014, tentatively suggesting inflation might have peaked. The Prices Received Future Expectations Indicator eased considerably in December, to 56.0 from 63.8 in November, a 12.2% monthly fall and the lowest reading since June. The decline was led by a sharp fall in the proportion of companies who said they expect to charge higher prices in three months, from 31% to 18% in December.

Prices Received



Prices Received and Wholesale Price Inflation



*Source: Office of the Economic Advisor, India

Prices Received

	Dec-12	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13
Current Conditions	54.9	67.1	56.6	61.8	54.9	60.8	58.0
Future Expectations	-	73.7	57.0	67.0	57.3	63.8	56.0

Financial Position Falls but Trend Upwards



The Financial Position of our survey companies deteriorated in December, although it remained healthy, well above the 50 mark and the levels seen earlier in the year.

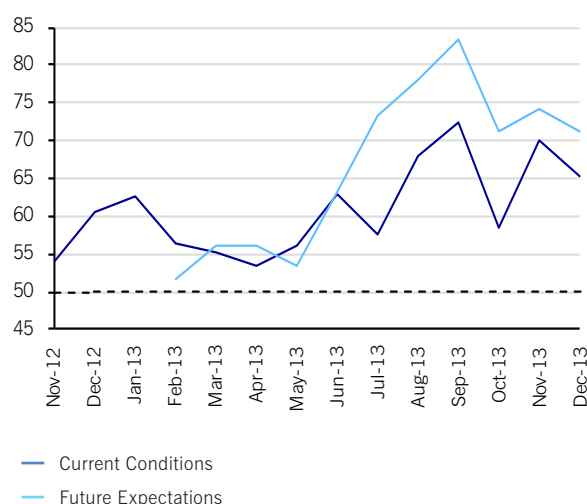
The Financial Position Indicator decreased to 65.2 in December, 6.7% down from 69.9 in November but 7.6% up from a year earlier. All sectors reported a worsening in their financial position, with the fall most prominent for construction companies. Among all sectors, manufacturing companies ended the year with the healthiest financial position with the indicator well above the 50 mark.

In spite of December's decline, the Financial Position of our panel of companies listed on the Bombay Stock Exchange has been on an upward trend since the survey started in November 2012. From an average of 58.0 in the three months to March, the indicator jumped to an average of 64.3 in the three months to December.

Expectations for three months' time worsened, but companies remained very optimistic about their financial position for the first quarter of 2014. The Future Expectations Indicator fell to 71.3 in December from 74.2 in November.

Manufacturing companies were the most optimistic about their financial position in the next three months, although, they were less optimistic than a month earlier. Expectations for service sector companies remained unchanged for the third consecutive month, while construction sector companies saw a sharp worsening in their expectations.

Financial Position



Financial Position

	Dec-12	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13
Current Conditions	60.6	57.6	68.1	72.3	58.6	69.9	65.2
Future Expectations	-	73.3	78.0	83.3	71.1	74.2	71.3

Interest Rates Paid At High Level



The cost of credit faced by companies eased in December, having hit a record high in November following October's rise in official interest rates.

The Interest Rates Paid Indicator fell 5.5% on the month to 69.2 in December, from a series high of 73.2 in November, led by declines in the indicator for services and, to a lesser extent, manufacturing companies. In contrast, companies in the construction sector reported a sharp rise on the month.

In spite of December's fall, the indicator remained at a high level well above 50, reflecting the high cost of credit firms currently face.

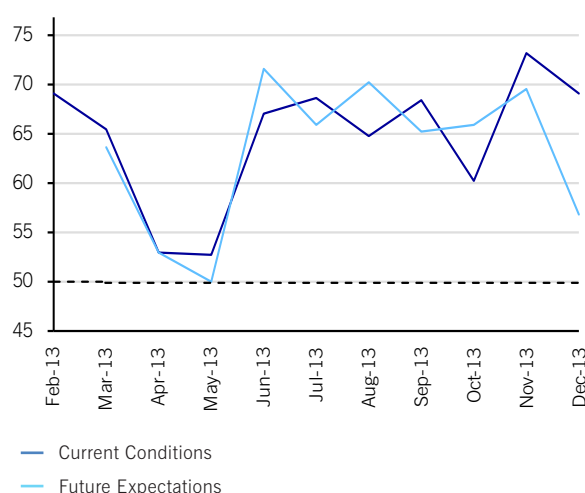
The Reserve Bank of India has hiked its interest rates twice since October in response to high inflation. Consumer price inflation has remained stubbornly high and has accelerated in recent months.

Expectations for interest rates paid in three months' time fell sharply in December, having risen in the past two months. The Expectations Indicator fell considerably to 56.8, 18.4% down from 69.6 in November and the lowest level since May.

More companies from the manufacturing, construction and service sector, all expected lower credit costs in three months' time. The indicator declined strongly for the service sector, but remained above the 50 mark for all sectors.

Expectations for interest rates paid have trended higher since May, rising sharply in line with the RBI policy, but fell significantly in December.

Interest Rates Paid



"Raw material costs and interest rates on borrowing have gone up so there is pressure for clients." Furnishings

"Interest rates are same today, but it will go high due to high inflation." Building Materials & Fixtures

"The RBI and Bank policies are not helpful." Real Estate Holding & Development

Interest Rates Paid

	Dec-12	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13
Current Conditions	-	68.6	64.8	68.4	60.3	73.2	69.2
Future Expectations	-	65.9	70.2	65.2	65.9	69.6	56.8

Input Prices eased but remained high, adding production costs to businesses.

The Input Price Indicator decreased to 71.8 in December, having risen sharply to 73.0 in November. Companies continued to report high prices levels for raw materials and transport.

Effect of Rupee Exchange Rate Painful Year for Businesses



The Effect of the Rupee Exchange Indicator decreased considerably in December, having risen sharply in November, as a lower proportion of companies reported that the exchange rate was helping their business.

Businesses are asked whether the exchange rate is helping or hurting their company and a value above 50 shows more firms reported that it was helping, while a reading below 50 shows the exchange rate was hurting.

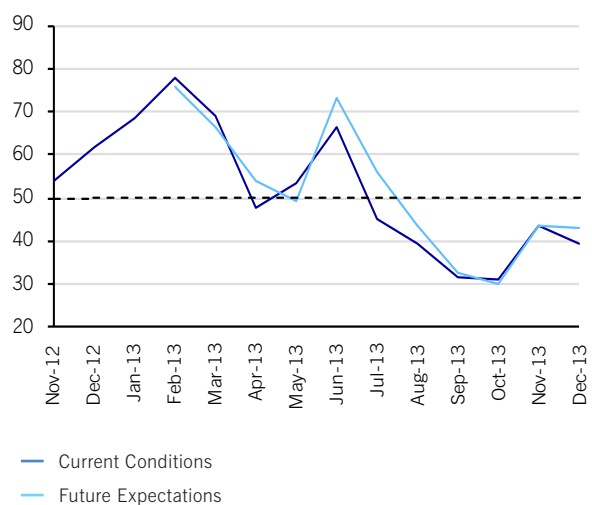
The Effect of the Rupee Exchange Rate Indicator decreased 9.2% on the month to 39.4 in December from 43.4 in November, led by a sharp decline in the indicator for service sector companies for which the indicator fell further below 50.

Overall, in December the proportion of companies who reported that the exchange rate was hurting their business was more than double the proportion of companies who said the exchange rate was helping them.

For manufacturing and construction sectors the indicator rose on the month, but remained below 50 in both. Our survey shows that manufacturing companies have been the hardest hit by the depreciation in the exchange rate.

While currency depreciations are often thought to be positive for businesses as exports become more competitive, the plunge in the indicator shows how India's reliance on imports of oil and other raw materials outweighs the benefit devaluation brings for exporters.

Effect of Rupee Exchange Rate



The Effect of Exchange Rate Indicator started the year firm at an average of 71.8 in the first quarter, but plunged in the third quarter following the sharp depreciation in the currency from 54.3 rupees per dollar in January to more than 60 in December. The indicator ended the year very weak, at an average of 37.9 in the fourth quarter.

Expectations for three months' time remained broadly stable in December, having increased sharply in November after four straight monthly declines. The Future Expectations Indicator stood at 43.2 in December from 43.5 in November.

Effect of Rupee Exchange Rate

	Dec-12	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13
Current Conditions	61.8	45.1	39.6	31.6	30.9	43.4	39.4
Future Expectations	-	55.8	43.8	32.7	30.1	43.5	43.2

Supplier Delivery Times Highest in Three Months



Supplier Delivery Times rose to 54.2 in December, the highest in three months, having remained broadly stable at 52.9 in November. The increase was led by faster supplier delivery times among manufacturing companies.

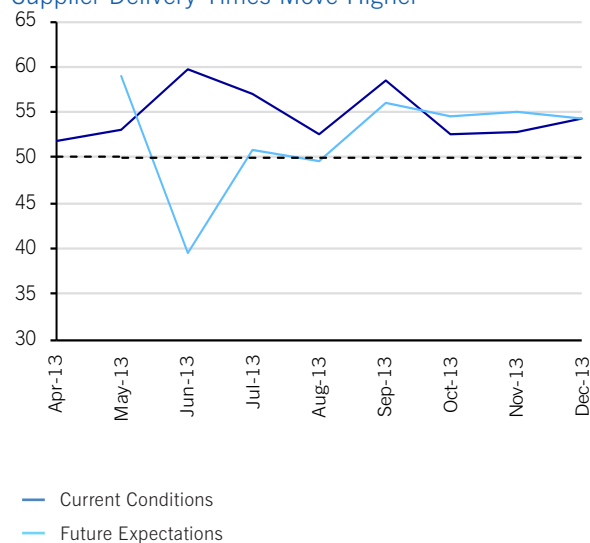
For the construction sector, Supplier Delivery Times also increased on the month with the indicator moving slightly above 50 after two months of standing just on dividing line. For services, the indicator remained stable above 50.

Supplier Delivery Times have slowed in the past six months, from an average of 56.0 in the three months to September to an average of 53.3 in the three months to December.

Expectations for supplier delivery times in the next three months decreased slightly to 54.2 in December from 55.0 in November, the lowest since August and the fourth consecutive month above the 50 breakeven level.

Expectations have trended upwards since June when the indicator hit a series low of 39.5. From the third to the fourth quarter, the expectations indicator rose from 52.2 to 54.6.

Supplier Delivery Times Move Higher



Supplier Delivery Times

	Dec-12	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13
Current Conditions	-	57.1	52.5	58.4	52.7	52.9	54.2
Future Expectations	-	50.9	49.6	56.1	54.6	55.0	54.2

Availability of Credit Lowest Since October



The indicator measuring the Availability of Credit fell 5.6% on the month to 52.6 in December from 55.7 a month earlier, led by a sharp fall in the number of service sector companies who said their availability of credit was higher compared with a month earlier.

The Availability of Credit Indicator had trended upwards since April but eased after reaching a series high of 61.9 in September, ending the year 4.2% above the level seen a year ago, but below the series average of 51.9.

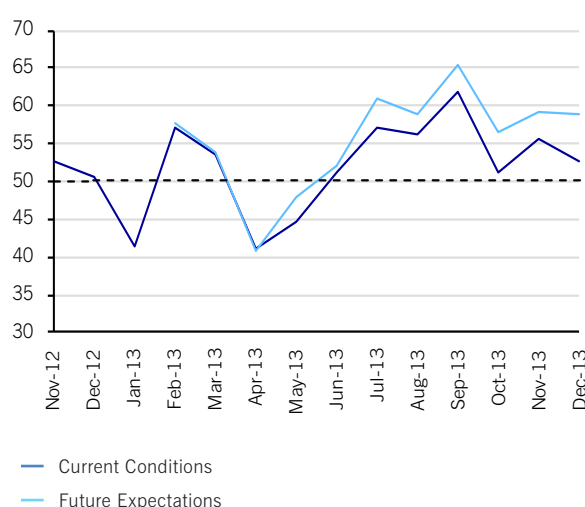
For construction and manufacturing companies credit availability improved on the month but not enough to compensate for a fall in the service sector. For manufacturing, the indicator rose to the 50 level, while for the other two sectors it remained above 50.

Availability of credit fell over the past six months, falling from an average of 58.4 in the three months to September to an average of 54.6 in the three months to December.

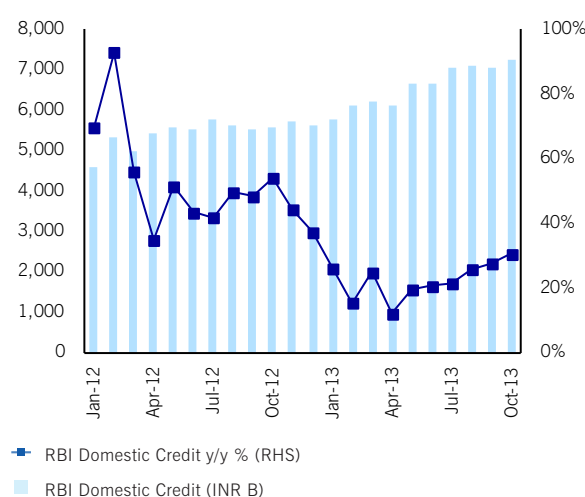
Credit expectations in three months' time remained broadly stable, with the indicator falling 0.7% on the month to 58.8 in December from 59.2 in November. A sharp decline among construction companies was offset by higher optimism among manufacturing and services companies.

Expectations for credit availability worsened from the third to the fourth quarter, with the future conditions indicator falling from 61.7 in the three months to September to an average of 58.2 in the last three months of the year.

Availability of Credit



RBI Domestic Credit



Source: Reserve Bank of India

Availability of Credit

	Dec-12	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13
Current Conditions	50.5	57.1	56.3	61.9	51.3	55.7	52.6
Future Expectations	-	60.9	59.0	65.3	56.6	59.2	58.8



What the Panel Said

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

"Input prices increased this month so the price of our product also increased a little bit." Nondurable Household Products

"Input prices increased by 20% so our product prices increased by 20%." Containers & Packaging

"We are taking new employees next month. Good revenue is coming. This time is good to grow." Hotels

"Company is into export only, so rupee rate is helping. Also we had forward booking, so production is going 100%. We need manpower, so may take new employees." Containers & Packaging

"Business condition is on the better side. Four to five months back rupee rate was hurting badly." Financial services

"50% of revenue is generated from international clients. We have some forward covers in lower rate so rupee rate is helping us." Business Training & Employment Services

"Company is planning for expansion. We are getting good response from international and domestic clients. Company will need additional manpower soon." Medical Equipment

"Interest rates on borrowing are a little higher. We are not recruiting now because work is also not that much." Diversified Industrials

"The RBI and bank policies are not helpful." Real Estate Holding & Development

"Company is expecting new machinery and orders by the end of the year to enhance production and profitability." Heavy Construction

"Rupee rate is badly hurting." Containers & Packaging

"Market is down, there are no new orders." Electrical Components & Equipments

"There are new orders. Inventory of finished goods is falling because of quarterly dispatch." Electrical Components & Equipments

"Demand of cement has increased therefore there are new orders." Building Materials & Fixtures

"Business condition is worse because money flow is slow in the market." Containers & Packaging

"Rupee exchange rate is helping the company because export orders are more." Electrical Components & Equipments

"Infrastructure and government policies are not good." Conventional Electricity

"Company is looking for more clients to lend loans and investment, due to competition there is less profitability." Mortgage Finance

"Looking for new business in the coming year, and waiting for new orders to come." Nonferrous Metals

"Looking for more business abroad and in local market. Fuel and raw material prices have gone high so less profitability." Furnishings

"Next Government would possibly change the business situation in general." Broadline Retailer

"Inventory is falling because of the dollar rate hike. Input price is also increasing." Containers & Packaging

"There are some ongoing projects, but no new incoming business." Real Estate Holding & Development



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Historical Summary

	2012	2013											
	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
MNI India Business Indicator													
Current Conditions	63.6	60.6	53.6	56.1	47.5	50.5	60.6	51.8	64.0	59.4	59.8	64.6	57.8
Future Expectations			53.8	55.4	49.7	52.0	60.6	67.6	75.5	77.1	68.8	69.5	71.1
Production	66.0	59.4	105.3	108.8	82.3	97.2	114.2	133.2	131.7	144.1	122.3	134.1	125.9
Current Conditions	66.0	59.4	55.6	53.8	41.0	45.6	54.8	56.9	59.9	67.3	57.5	65.3	59.7
Future Expectations			49.7	55.0	41.3	51.6	59.4	76.3	71.8	76.8	64.8	68.8	66.2
New Orders	49.5	50.8	109.0	108.3	80.1	91.3	117.1	138.7	139.0	147.6	129.0	131.4	125.7
Current Conditions	49.5	50.8	55.8	53.4	39.7	44.9	58.7	61.9	64.0	69.1	59.5	62.9	60.3
Future Expectations			53.2	54.9	40.4	46.4	58.4	76.8	75.0	78.5	69.5	68.5	65.4
Export Orders			109.7	103.6	86.5	94.6	115.5	126.6	117.6	138.7	113.3	119.6	128.4
Current Conditions			53.7	49.5	41.3	43.7	52.9	57.7	55.0	63.2	55.6	58.8	60.5
Future Expectations			56.0	54.1	45.2	50.9	62.6	68.9	62.6	75.5	57.7	60.8	67.9
Productive Capacity	57.4	54.0	112.6	107.1	81.7	96.5	107.3	124.2	129.1	134.3	123.2	126.5	108.8
Current Conditions	57.4	54.0	56.5	52.3	41.0	45.6	50.6	55.4	61.7	64.0	58.1	61.3	51.3
Future Expectations			56.1	54.8	40.7	50.9	56.7	68.8	67.4	70.3	65.1	65.2	57.5
Order Backlogs					57.8	118.9	81.3	93.0	86.4	110.4	86.3	94.1	85.4
Current Conditions					57.8	59.3	48.5	49.4	47.0	52.9	42.9	45.3	41.7
Future Expectations						59.6	32.8	43.6	39.4	57.5	43.4	48.8	43.7
Employment					53.2	103.6	104.6	104.9	106.1	106.7	102.4	98.4	102.2
Current Conditions					53.2	51.8	52.3	51.3	54.1	53.3	51.3	48.9	50.0
Future Expectations						51.8	52.3	53.6	52.0	53.4	51.1	49.5	52.2
Inventories					59.9	96.4	79.9	91.4	104.5	113.8	100.7	103.3	107.7
Current Conditions					59.9	47.8	48.9	55.9	51.6	60.1	50.0	50.0	53.1
Future Expectations						48.6	31.0	35.5	52.9	53.7	50.7	53.3	54.6
Input Prices					67.9	131.3	153.5	153.6	128.8	147.0	128.6	145.5	138.2
Current Conditions					67.9	64.4	78.6	79.6	66.7	74.1	63.3	73.0	71.8
Future Expectations						66.9	74.9	74.0	62.1	72.9	65.3	72.5	66.4
Prices Received	54.9	55.4	115.6	110.9	87.3	88.8	100.0	140.8	113.6	128.8	112.2	124.6	114.0
Current Conditions	54.9	55.4	59.8	53.1	42.2	41.5	50.8	67.1	56.6	61.8	54.9	60.8	58.0
Future Expectations			55.8	57.8	45.1	47.3	49.2	73.7	57.0	67.0	57.3	63.8	56.0
Financial Position	60.6	62.6	107.9	111.3	109.4	109.6	126.1	130.9	146.1	155.6	129.7	144.1	136.5
Current Conditions	60.6	62.6	56.3	55.1	53.4	56.1	63.0	57.6	68.1	72.3	58.6	69.9	65.2
Future Expectations			51.6	56.2	56.0	53.5	63.1	73.3	78.0	83.3	71.1	74.2	71.3
Interest Rates Paid			69.2	129.2	105.8	102.8	138.9	134.5	135.0	133.6	126.2	142.8	126.0
Current Conditions			69.2	65.5	52.9	52.8	67.2	68.6	64.8	68.4	60.3	73.2	69.2
Future Expectations				63.7	52.9	50.0	71.7	65.9	70.2	65.2	65.9	69.6	56.8
Effect of Rupee Exchange Rate	61.8	68.5	153.3	135.7	102.0	102.7	139.7	100.9	83.4	64.3	61.0	86.9	82.6
Current Conditions	61.8	68.5	77.8	69.1	47.8	53.3	66.6	45.1	39.6	31.6	30.9	43.4	39.4
Future Expectations			75.5	66.6	54.2	49.4	73.1	55.8	43.8	32.7	30.1	43.5	43.2
Supplier Delivery Time					51.9	112.1	99.1	108.0	102.1	114.5	107.3	107.9	108.4
Current Conditions					51.9	53.1	59.6	57.1	52.5	58.4	52.7	52.9	54.2
Future Expectations						59.0	39.5	50.9	49.6	56.1	54.6	55.0	54.2
Availability of Credit	50.5	41.5	114.7	107.4	82.0	92.7	103.5	118.0	115.3	127.2	107.9	114.9	111.4
Current Conditions	50.5	41.5	57.1	53.6	41.1	44.8	51.3	57.1	56.3	61.9	51.3	55.7	52.6
Future Expectations			57.6	53.8	40.9	47.9	52.2	60.9	59.0	65.3	56.6	59.2	58.8

Historical Records

	2012-2013			
	Minimum	Maximum	Mean	Median
MNI India Business Indicator				
Current Conditions	47.5	64.6	57.6	58.6
Future Expectations	49.7	77.1	63.7	67.6
Production	82.3	144.1	119.2	122.6
Current Conditions	41.0	67.3	57.2	57.8
Future Expectations	41.3	76.8	62.0	64.8
New Orders	80.1	147.6	117.7	122.7
Current Conditions	39.7	69.1	55.3	57.3
Future Expectations	40.4	78.5	62.5	65.4
Export Orders	86.5	138.7	114.0	115.8
Current Conditions	41.3	63.2	53.8	55.0
Future Expectations	45.2	75.5	60.2	60.8
Productive Capacity	81.7	134.3	113.4	112.2
Current Conditions	41.0	64.0	54.0	54.7
Future Expectations	40.7	70.3	59.4	57.5
Order Backlogs	74.5	118.9	95.5	92.2
Current Conditions	41.7	59.3	49.4	48.5
Future Expectations	32.8	59.6	46.1	43.7
Employment	98.4	107.7	103.8	103.9
Current Conditions	48.9	54.1	51.8	51.8
Future Expectations	49.5	53.6	52.0	52.1
Inventories	78.8	114.7	100.6	103.4
Current Conditions	47.8	60.1	53.0	51.6
Future Expectations	31.0	54.6	47.5	51.8
Input Prices	125.4	154.5	140.4	141.5
Current Conditions	63.3	79.6	71.0	71.8
Future Expectations	62.1	74.9	69.4	69.7
Prices Received	86.6	140.8	111.7	112.2
Current Conditions	41.5	67.1	54.4	55.2
Future Expectations	45.1	73.7	57.3	57.0
Financial Position	105.0	155.6	127.4	130.7
Current Conditions	53.4	72.3	60.9	59.6
Future Expectations	51.6	83.3	66.5	71.1
Interest Rates Paid	102.8	144.9	127.9	132.8
Current Conditions	52.8	73.2	64.7	67.2
Future Expectations	50.0	71.7	63.2	65.6
Effect of Rupee Exchange Rate	61.0	153.3	103.7	100.0
Current Conditions	30.9	77.8	52.1	50.6
Future Expectations	30.1	75.5	51.6	49.4
Supplier Delivery Time	91.4	118.6	107.1	107.5
Current Conditions	51.9	59.6	54.7	53.1
Future Expectations	39.5	59.0	52.4	54.4
Availability of Credit	82.0	127.2	107.6	110.3
Current Conditions	41.1	61.9	52.0	52.7
Future Expectations	40.9	65.3	55.7	57.6

Historical Records - Quarterly

	Q1 13	Q2 13	Q3 13	Q4 13	Quarterly Change	Quarterly % Change
MNI India Business Indicator						
Current Conditions	56.8	52.9	58.4	60.7	2.3	3.9%
Future Expectations	-	54.1	73.4	69.8	-3.6	-4.9%
Production						
Current Conditions	56.3	47.1	61.4	60.8	-0.6	-1.0%
Future Expectations	-	50.8	75.0	66.6	-8.4	-11.2%
New Orders						
Current Conditions	53.3	47.8	65.0	60.9	-4.1	-6.3%
Future Expectations	-	48.4	76.8	67.8	-9.0	-11.7%
Export Orders						
Current Conditions	-	46.0	58.6	58.3	-0.3	-0.5%
Future Expectations	-	52.9	69.0	62.1	-6.9	-10.0%
Productive Capacity						
Current Conditions	54.3	45.7	60.4	56.9	-3.5	-5.8%
Future Expectations	-	49.4	68.8	62.6	-6.2	-9.0%
Order Backlogs						
Current Conditions	-	55.2	49.8	43.3	-6.5	-13.1%
Future Expectations	-	-	46.8	45.3	-1.5	-3.2%
Employment						
Current Conditions	-	52.4	52.9	50.1	-2.8	-5.3%
Future Expectations	-	-	53.0	50.9	-2.1	-4.0%
Inventories						
Current Conditions	-	52.2	55.9	51.0	-4.9	-8.8%
Future Expectations	-	-	47.4	52.9	5.5	11.6%
Input Prices						
Current Conditions	-	70.3	73.5	69.4	-4.1	-5.6%
Future Expectations	-	-	69.7	68.1	-1.6	-2.3%
Prices Received						
Current Conditions	56.1	44.8	61.8	57.9	-3.9	-6.3%
Future Expectations	-	47.2	65.9	59.0	-6.9	-10.5%
Financial Position						
Current Conditions	58.0	57.5	66.0	64.6	-1.4	-2.1%
Future Expectations	-	57.5	78.2	72.2	-6.0	-7.7%
Interest Rates Paid						
Current Conditions	-	57.6	67.3	67.6	0.3	0.4%
Future Expectations	-	58.2	67.1	64.1	-3.0	-4.5%
Effect of Rupee Exchange Rate						
Current Conditions	71.8	55.9	38.8	37.9	-0.9	-2.3%
Future Expectations	-	58.9	44.1	38.9	-5.2	-11.8%
Supplier Delivery Time						
Current Conditions	-	54.9	56.0	53.3	-2.7	-4.8%
Future Expectations	-	-	52.2	54.6	2.4	4.6%
Availability of Credit						
Current Conditions	50.7	45.7	58.4	53.2	-5.2	-8.9%
Future Expectations	-	47.0	61.7	58.2	-3.5	-5.7%

Methodology

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

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.

Data is collected via telephone interviews. Around 200 companies are surveyed each month.

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