MNI India Business Report
February 2015

Insight and data for better decisions

MNI India Business Report

MNI India Business Sentiment is a monthly poll of Indian business executives at companies listed on the BSE (formerly known as the Bombay Stock Exchange) which has been available since November 2012. More than 400 companies are surveyed each month and are a mix of manufacturing, service, construction and agricultural firms.

The survey provides the first monthly snapshot of economic and business conditions, ahead of official data and other business confidence data in India.

Respondents are asked their opinion on whether a particular business activity has increased, decreased or remained the same compared with the previous month as well as their expectations for three months ahead, e.g. Is Production Higher/Same/Lower compared with a month ago?

A diffusion indicator is then calculated by adding the percentage share of positive responses to half the percentage of those respondents reporting no change. An indicator reading above 50 shows expansion, below 50 indicates contraction and a result of 50 means no change.

The survey looks at key business metrics including orders, production, pricing, inventories, credit availability and exchange rate impact. Sentiment on both current and future expectations allows users to comprehensively monitor business and economic trends.

Whether you are forecasting the Indian economy, analysing where to invest in India or want to know how other companies in your sector are performing, our monthly intelligence offers an unrivalled insight into exactly what India's largest companies are thinking.

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Release Time
Embargoed until 9:45 a.m. Mumbai time
February 23, 2015

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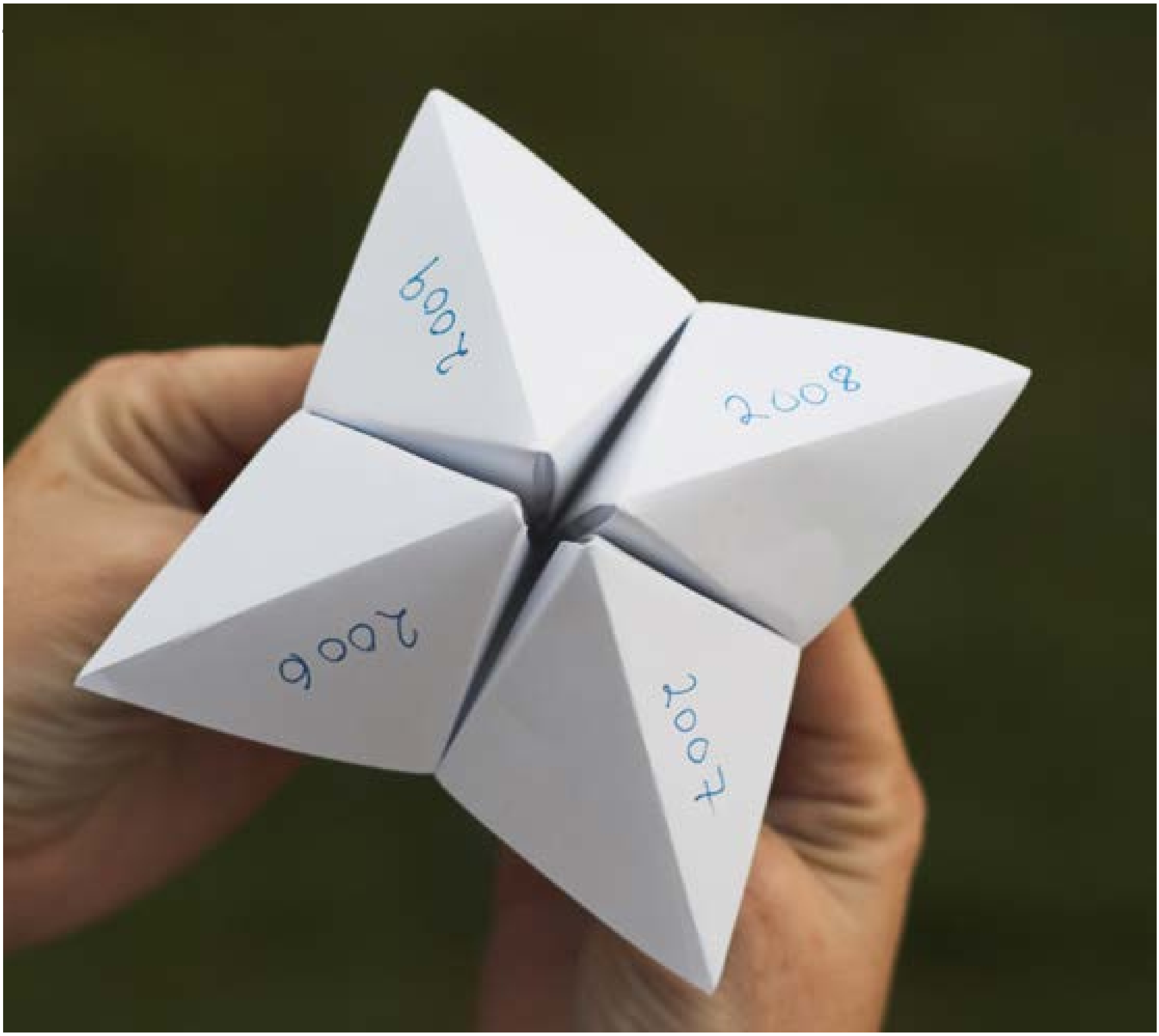

Tippy-tippy-tap, which number do you want?

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It's always unnerving when economic data is revised heavily. While the changes to India's GDP data have been made to improve it, the size of the revisions will take some time getting used to.

The revisions from India's Central Statistics Office now suggest India's economic performance was much better than previously estimated. Economic growth has been revised from 4.7% to 6.6% in the year ending March 2014 and from 4.5% to 4.9% in the year ending March 2013. There were three key changes to the calculation method. First, the base year was updated to 2011-12 from 2004-05 previously. Second, India will now follow international norms by calculating GDP at market prices rather than factor cost. Finally, GDP will include morecomprehensive data on corporate activity and newer surveys of spending by households and informal businesses.

Under the new method, the services sector constitutes a smaller proportion of overall GDP at 50% compared with 60% under the previous method. India's industrial sector now takes a larger proportion of GDP. Most notably, the manufacturing sector makes up 17.3% of total GDP compared with 12.9% under the previous system – a useful boost to Modi's "Make in India" campaign!

The former UPA government must feel slightly riled that they presided over a period of stronger growth than first reported. While the reality would have remained the same, the perception of a stronger economy might have at least made a small dent in the Modi-secured majority had the numbers been "correct" before.

While the large revisions in India's growth numbers are a little baffling, they do now show that the economy bottomed out in early 2013, in line with our business survey data. The subsequent pick-up in sentiment is mirrored well by the recovery in GDP. More puzzling is India's growth in 2014. While our survey showed that business sentiment remained robust throughout the year, the recovery in production and orders was short-lived. Companies remained cautious on the employment front as well.

India's statistics office has always been criticised on the timeliness and user-friendliness of its data releases. Only time will tell whether the latest changes become trusted. Meanwhile our monthly business and consumer surveys, which are released every month and report directly what businesses and consumers are thinking, are never revised!

Shaily Mittal
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MNI Indicators

Executive Summary

The MNI India Business Sentiment Indicator rose 3.1% to 66.2 in February from 64.2 in January as the cheaper cost of raw materials helped to offset the recent weakening in demand.

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The increase in confidence brought to a halt four monthly declines in the business indicator, leaving it close to the average seen over the past year. Confidence was boosted in the run up to the election of Prime Minister Modi last year but has subsequently eased as businesses have become increasingly disappointed with a lack of concrete reforms.

Construction companies led the improvement in sentiment in February, while companies within the manufacturing sector, a key focus of the incumbent government, revised down their expectations for the future.

Companies benefited from lower prices and the recent strengthening in the rupee. The Input Prices Indicator fell to just above the 50 breakeven mark, the lowest in the survey's history.

Firms also reported that the interest rate costs they faced were falling at the fastest pace on record following the recent cut in official rates. The Interest Rates Paid Indicator, which had dived into contraction in January, declined further to a record low of 45.8 in February.

Intense competition and poor consumer sentiment prevented many companies from raising prices. Companies charged similar prices for their goods and services, with the Prices Received Indicator flat at 51.1 in February.

Other activity metrics in the survey showed a moderate weakening. Companies were less willing to hire in February as they scaled back production in the face of weaker demand. Production fell to the lowest since May 2014 and New Orders declined to the lowest since October 2013.

An increasing number of companies reported that they were running down their stock levels given weaker demand conditions in February and did not expect to accumulate further inventory in the next three months. The level of Finished Goods Inventories contracted to 47.1 in February, the lowest level in the survey's history.

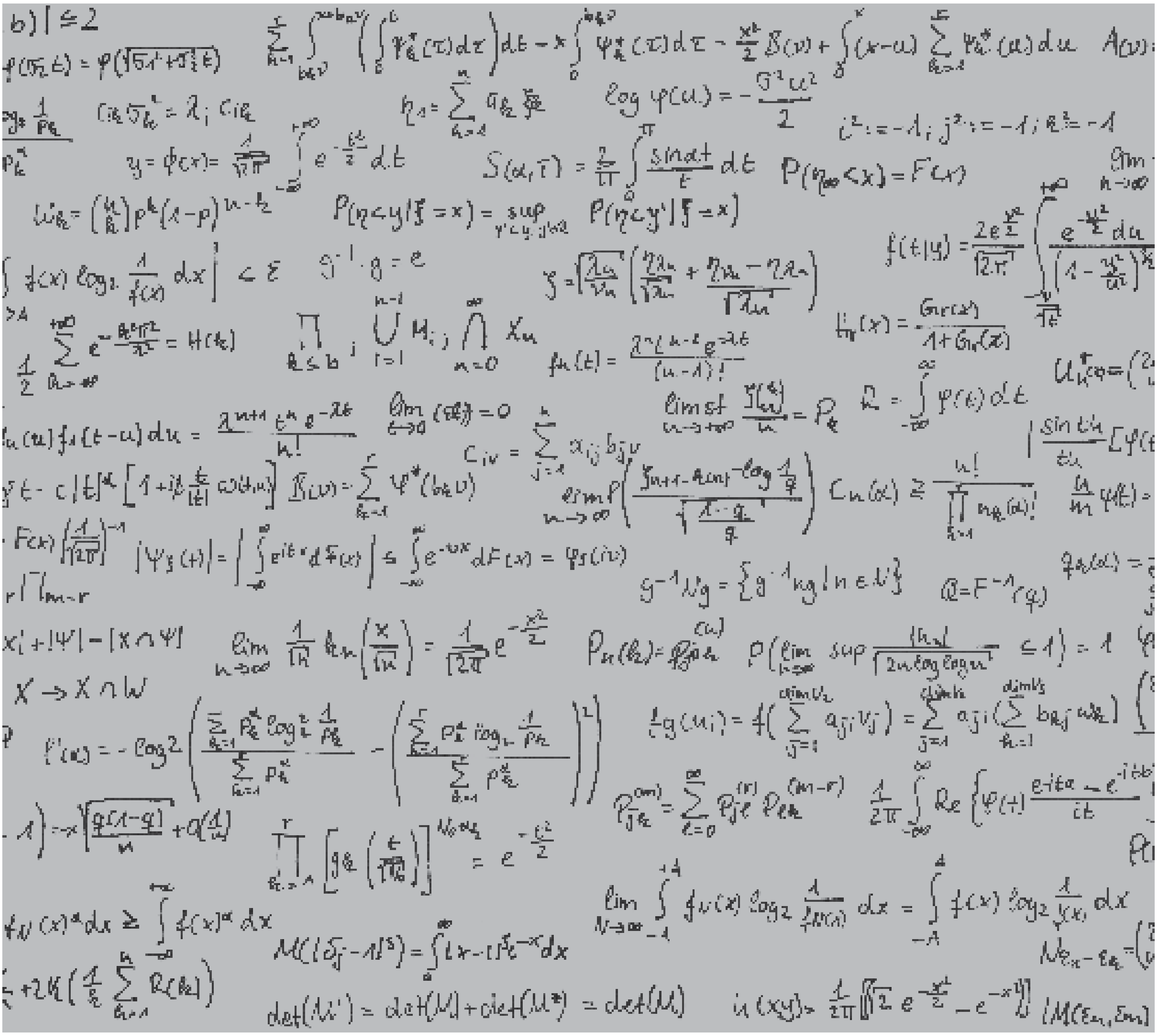
Businesses were marginally less optimistic about the next three months with the Expectations Indicator falling to a three-month low of 75.3 in February from 76.1 in January.

Overview

	Dec-14	Jan-15	Feb-15	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
MNI India Business Indicator								
Current Conditions	68.4	64.2	66.2	Dec-14	-	66.3	2.0	3.1%
Future Expectations	80.2	76.1	75.3	-	Nov-14	77.2	-0.8	-1.1%
Production								
Current Conditions	64.2	62.5	61.0	-	May-14	62.6	-1.5	-2.4%
Future Expectations	75.1	74.1	70.3	-	Mar-14	73.2	-3.8	-5.1%
New Orders								
Current Conditions	60.8	60.7	60.2	-	Oct-13	60.6	-0.5	-0.8%
Future Expectations	72.6	74.1	69.9	-	Feb-14	72.2	-4.2	-5.7%
Export Orders								
Current Conditions	56.8	56.5	56.5	Jan-15	-	56.6	0.0	0.0%
Future Expectations	71.6	70.4	64.6	-	Jan-14	68.9	-5.8	-8.2%
Productive Capacity								
Current Conditions	57.7	56.0	56.3	Dec-14	-	56.7	0.3	0.5%
Future Expectations	67.6	70.4	67.0	-	Nov-14	68.3	-3.4	-4.8%
Order Backlogs								
Current Conditions	49.0	49.0	47.3	-	Feb-14	48.4	-1.7	-3.5%
Future Expectations	52.8	52.9	50.2	-	Feb-14	52.0	-2.7	-5.1%
Employment								
Current Conditions	50.0	50.8	50.3	-	Dec-14	50.4	-0.5	-1.0%
Future Expectations	52.4	51.7	51.3	-	Nov-13	51.8	-0.4	-0.8%
Inventories								
Current Conditions	51.3	48.6	47.1	-	series low	49.0	-1.5	-3.1%
Future Expectations	47.9	49.2	48.8	-	Dec-14	48.6	-0.4	-0.8%
Input Prices								
Current Conditions	51.5	53.2	51.4	-	series low	52.0	-1.8	-3.4%
Future Expectations	51.1	53.7	53.4	-	Dec-14	52.7	-0.3	-0.6%
Prices Received								
Current Conditions	51.3	51.1	51.1	Jan-15	-	51.2	0.0	0.0%
Future Expectations	54.4	52.8	53.6	Dec-14	-	53.6	0.8	1.5%
Financial Position								
Current Conditions	68.3	66.4	66.4	Jan-15	-	67.0	0.0	0.0%
Future Expectations	76.5	75.6	73.7	-	Jan-14	75.3	-1.9	-2.5%
Interest Rates Paid								
Current Conditions	51.1	48.6	45.8	-	series low	48.5	-2.8	-5.8%
Future Expectations	43.0	40.2	41.4	Dec-14	-	41.5	1.2	3.0%
Effect of Rupee Exchange Rate								
Current Conditions	50.8	44.3	50.9	Nov-14	-	48.7	6.6	14.9%
Future Expectations	52.8	52.2	54.1	Nov-14	-	53.0	1.9	3.6%
Supplier Delivery Times								
Current Conditions	51.4	52.5	49.8	-	series low	51.2	-2.7	-5.1%
Future Expectations	51.9	51.8	52.9	Nov-14	-	52.2	1.1	2.1%
Availability of Credit								
Current Conditions	58.1	60.3	56.9	-	Feb-14	58.4	-3.4	-5.6%
Future Expectations	61.0	63.1	61.1	-	Dec-14	61.7	-2.0	-3.2%

Consumer price inflation stood at 5.1% in January...

...comfortably below the 8% inflation target set by the RBI.



Economic Landscape

After the Central Statistics Office re-wrote India's recent economic history with changes to the GDP calculation methodology, it wielded the revision knife on the inflation data as well.

After the Central Statistics Office re-wrote India's recent economic history with changes to the GDP calculation methodology, it wielded the revision knife on the inflation data as well. The weight of food and fuel in the CPI basket has been reduced while clothing and footwear and housing have been revised up. The revisions were relatively minor and now show inflation rising to 5.1% in January from 5% in December, well below the Reserve Bank of India's target.

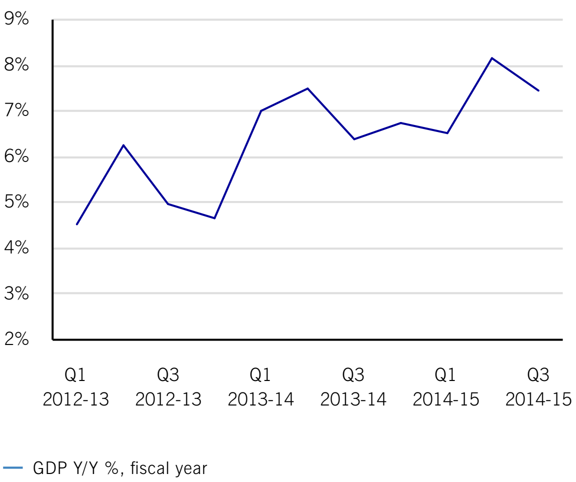
Latest economic data has been mixed. The GDP revisions show an economy growing at a much faster pace and inflation is even lower. Not everything, though, is so positive. Industrial production has been patchy, especially consumer durables which highlight sluggish consumer demand. While the trade deficit has narrowed due to the fall in the oil price, exports fell sharply in January. The weakness in inflation suggests that the RBI still has room to ease monetary policy further in spite of the upward revisions to growth. A further interest rate cut following the union budget looks likely, although we haven't yet heard any comment from the RBI on the growth revisions which could have a material impact on their thinking.

Rewriting history

Following the release of revisions up to fiscal year 2013/14, the Central Statistics Office released data for the Oct-Dec quarter and revisions to the previous two quarters. GDP growth is estimated to have eased to 7.5% in the Oct-Dec quarter from a revised 8.2% in Jul-Sep (up from 6% previously). Growth in Apr-Jun was also revised higher, to 6.5% from 5.9%. Under the new methodology, the government's advance estimate pegged fiscal year 2014-15 growth at 7.4%, more than 150 basis points higher than the central bank's growth estimates. Imputing the last quarter of the fiscal year from the advance estimate, implies a growth rate of at least 7.3% which looks optimistic given the weakness seen in both the MNI business and consumer surveys.

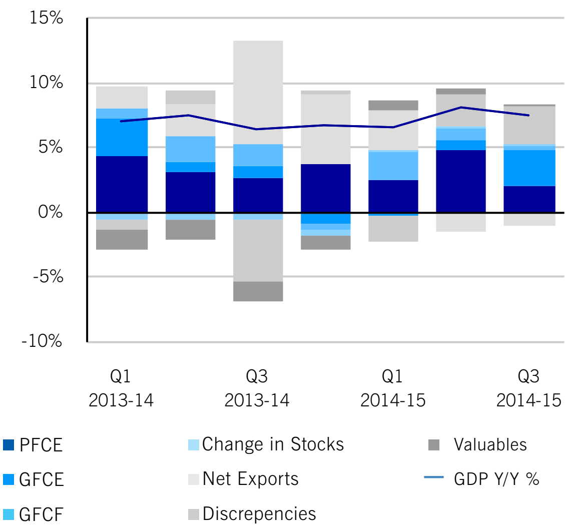
Changes to the way the GDP data is compiled suggest that India's economic performance was much better than previously estimated. There were three key changes to the calculation method. First, the base year was updated to 2011-12 from 2004-05 previously. Second, India will now follow international norms by calculating GDP at market prices rather than factor cost. The latter method, which was the convention until now, included production subsidies and excluded taxes on production. Finally, GDP will now include under-represented and informal sectors and items such as smart phones and LED television sets.

Economic Growth



Source: Central Statistical Organisation, India

Contribution to GDP Growth



Source: Central Statistical Organisation, India

The revisions to growth are quite staggering and not surprisingly raise questions about the credibility of the data. We are now told that growth in real GDP at market prices was revised up from 4.7% to 5.1% in 2012-13 and from 5% to 6.9% in 2013-14. The previous value added measure was revised up to 4.9% in 2012-13 from 4.5% previously, and in 2013-14 was revised up to 6.6% from 4.7%.

The new estimates of growth in 2013-14 don't sit well with other indicators during the period with trade data pointing to slower domestic demand and survey evidence pointing to a significant weakening. Our own business survey suggests that India bottomed out in April 2013 in line with a slower growth of 4.7% growth in the three months to March 2013 and has subsequently picked up, although this doesn't quite justify the staggering growth rate of almost 7% in the previous year.

Modi's 'Make in India' campaign received an instant boost with growth in industry revised up sharply. Manufacturing saw massive upward revisions to growth from 1.1% to 6.2% in 2012-13 and -0.7% to 5.3% in 2013-14. The sector is now said to account for 17.3% of the economy compared with 12.9% previously. Mining, too, was revised up from -2.2% to -0.2% and -1.4% to 5.4%.

Growth in 2013-14 was still primarily due to the service sector, which contributed 4.5 percentage points to GDP growth, higher than the 3.9 percentage points reported previously. Still, as the percentage share of manufacturing in Gross Value Added was revised up, the share of services was revised down to 59.6% from 64.8% previously.

In 2013-14, on an expenditure basis, personal consumption added 3.9 percentage points to growth, having contributed 2.6 percentage points in the previous year, while net exports contributed 4.8 percentage points to GDP growth, having subtracted 0.2 percentage point previously. Investment was a drag on GDP growth, subtracting 1.6 percentage points after adding 0.8 percentage point in the previous year.

Real Growth in Expenditure Terms (Market Prices)

2013-14	Old	New	Change
Private Consumption	4.8%	6.2%	1.4%
Government Consumption	3.8%	8.2%	4.3%
Gross Capital Formation	-	-4.0%	-
Gross Fixed Capital Formation	-0.1%	3.0%	3.1%
Exports	8.4%	7.3%	-1.2%
Imports	-2.5%	-8.4%	-5.8%
GDP at Market Prices	5.0%	6.9%	1.9%

Contribution to GDP Growth

	2013-14	2012-13
Private Final Consumption Expenditure	3.9%	2.6%
Government Final Consumption Expenditure	1.0%	0.2%
Gross Capital Formation	-1.6%	0.8%
Net Exports	4.8%	-0.2%
Discrepencies	-1.2%	1.7%

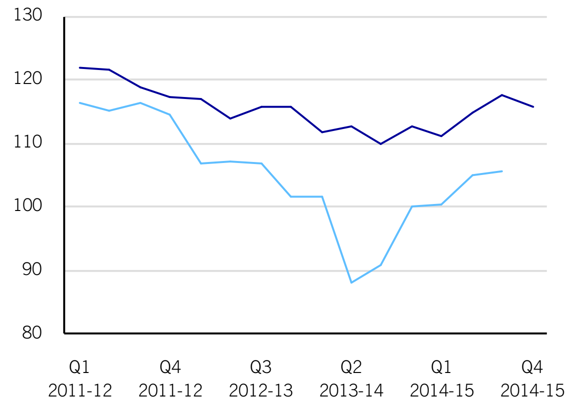
RBI Industrial Outlook worsens

The RBI's Industrial Outlook Survey showed that the Business Expectation Index (BEI), a gauge of manufacturing business sentiment, declined in the quarter ending March 2015 to 115.6 from a three-year high of 117.7 in the quarter ending December and 112.7 a year earlier. Manufacturing companies witnessed some moderation in demand during the October-December quarter to 104.6 from the previous quarter's 106.3, the lowest since March 2014.

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

More up-to-date monthly data from the MNI India Business Sentiment Survey has shown the pace of growth in business confidence easing in recent months. In February, the MNI India Business Sentiment Indicator rose for the first time in four months but production and orders waned slightly.

RBI Business and Consumer Sentiment



Industrial Outlook: Business Expectation Index, fiscal year
Consumer Confidence: Current Situation Index, fiscal year

Source: Reserve Bank of India

RBI Consumer Confidence improves

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

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

More up-to-date monthly data from the MNI India Consumer Sentiment Survey has shown confidence easing in recent months. In December, the MNI India Consumer Sentiment Indicator fell to a 15-month low before picking up slightly in January.

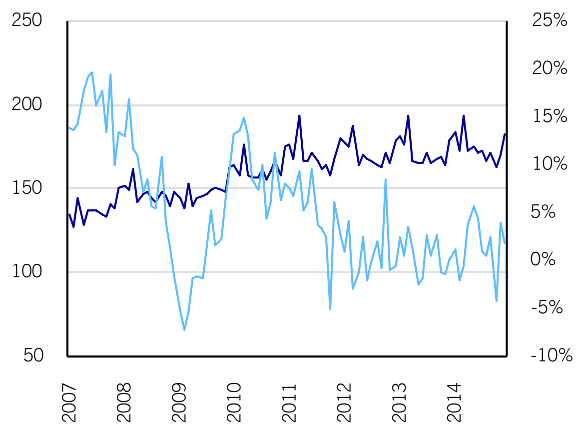
Industrial output expands slowly in December

Industrial production expanded by 1.7% on the year in December following growth of 3.9% in November, mainly due to a contraction in the mining and quarrying sector. Accordingly, cumulative growth for the April-December period of the 2014-15 fiscal year compared with 2013-14 stood at 2.1%. Even though growth has been better in 2014 under the base year of 2004-05, it is far from satisfactory and provides additional impetus for the government to take action in order to improve the business environment.

The small rise in industrial production was led by manufacturing, which comprises around 75% of overall industrial output. Manufacturing output grew by 2.1% on the year after increasing by 3.1% in the previous month. 13 out of the 22 industry groups within the manufacturing sector expanded in December. The industry group 'Furniture manufacturing' saw the largest growth of 45.4%, followed by 17.6% growth in 'Wearing apparel, dressing and dyeing'.

Mining output contracted for the first time since October 2013 by 3.2% on the year in December compared with growth of 3.9% in November. Output of consumer durables, a measure of consumer demand, continues to be a drag on industrial output

Industrial Production



Industrial Production Y/Y % (RHS)
Industrial Production

Source: Central Statistical Organisation, India as it contracted for the seventh consecutive month by 9% on the year. Capital goods output, a proxy for investment, rose by 4.1% on the year compared with 6.6% in December.

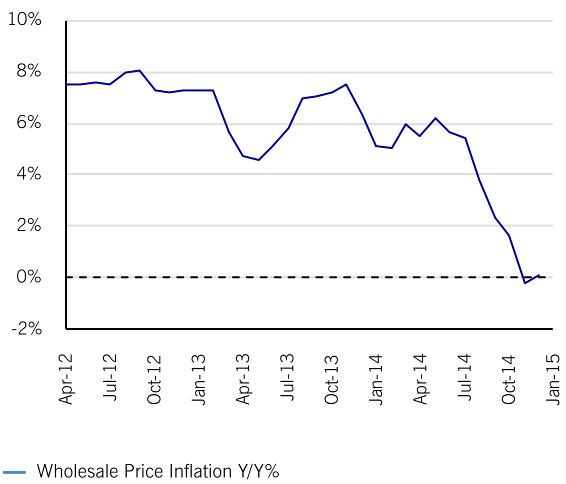
Inflation remains weak

The Central Statistics Office has revised the base year from 2010 to 2012 for the consumer price index. They also changed the composition and weights of various components in the basket based on the consumption pattern in 2011-12 (shown in the table on the right). The revamped index carries a higher weight for education and health services, and a lower weight for food and fuel items, which better reflects changing consumption patterns. The index is also calculated using a geometric mean which brings it in line with international practice. This along with the lower weight of food and fuel should help to moderate volatility in inflation.

Consumer price inflation picked up to 5.1% in January from a revised 4.7% in December (previously 5%). Food inflation was 6.1% on the year while core inflation stood at 4.3%, helped by the contraction in transport and communication prices and lower housing inflation based on a larger sample.

The previously targeted measure of inflation, based on the wholesale price index, contracted by 0.4% on the year in January from December's marginal 0.1% growth. The moderation mainly reflects significant global commodity disinflation in minerals, fuel and non-food primary articles. An unfavourable base effect meant that food inflation jumped from 5.2% in December to 8% in January.

Inflation



Source: Office of the Economic Advisor, India

Consumer Price Index Composition

	Old	New	Change
Food and beverages	47.58	45.86	↓
Pan, tobacco and intoxicants	2.13	2.38	↑
Clothing and footwear	4.73	6.53	↑
Housing	9.77	10.07	↑
Fuel and light	9.49	6.84	↓
Miscellaneous	26.31	28.32	↑
Total	100	100	

Repo rate at 7.75%

The RBI cut the key policy rate by 25 basis points to 7.75% from 8% on January 15. This was mainly on the grounds of low inflation given the large fall in international crude prices, weaker than expected demand and on greater reassurance that the government will meet its fiscal deficit target of 4.1% of GDP in the year ending March 2015. At its scheduled monetary policy meeting on February 3, the RBI kept the policy repo rate unchanged, but cut the statutory liquidity ratio (SLR) by 50 basis points to 21.5%. A cut in the SLR, which is the minimum portion of net deposits that banks must hold in government bonds, cash or gold, was aimed at boosting banks' liquidity. It is likely that the RBI followed up with the SLR move to try and persuade more banks to pass on the rate cut which many banks have yet to do. This is also shown in February's improvement in the Availability of Credit Indicator.

Consumer price inflation stood at 5.1% in January, comfortably below the 8% inflation target set by the RBI. It is now confident that it will achieve its 6% inflation target by January 2016 given the weakness in crude oil prices and weaker inflation expectations. So far there has been no comment from the RBI on the recent revisions to GDP. This could alter the expected path of monetary policy over the coming year, although the low level of inflation should still leave room for the RBI to cut rates further.

High fiscal budget deficit

In the April-December period, the government budget deficit stood at Rs 5.32 trillion, 100.2% of the target mainly due to weaker revenues. Government receipts totalled Rs. 7.04 trillion, higher than Rs. 6.47 trillion a year earlier. Out of this, net tax receipts were Rs. 5.46 trillion, higher than Rs. 5.18 trillion last year. Total expenditure was Rs. 12.36 trillion compared with Rs. 11.64 trillion a year earlier.

In his maiden budget, Finance Minister Arun Jaitley stuck to the fiscal deficit target of 4.1% of GDP for 2014-15 set by his predecessor Palaniappan Chidambaram in the interim budget. The government had put in place a fiscal consolidation roadmap in which the fiscal deficit has to be brought down subsequently to 3% of the GDP by 2016-17. To reduce the fiscal deficit to the seven-year low level, the government has announced a slew of austerity measures aimed at cutting non-planned spending by 10%.

The government however remains optimistic that divestment in public ownership will be able to plug the gap. The 10% stake sale in Coal India has already gathered Rs 226 billion. The 2G and 3G telecom auction would help the government add Rs. 1000 billion to its kitty and with ONGC's disinvestment to follow, the government is confident to contain the deficit. In addition, a slew of government austerity measures, such as curbs on foreign travel, conferences, purchase of vehicles and the creation of new posts will also help to contain the budget deficit.

The recent removal of the diesel fuel subsidy should also help to alleviate pressures on government finances. The government has raised excise duties on both petrol and diesel six times since it lifted price controls on the latter in October to generate higher revenues amid the sharp fall in global crude prices. Consumers will not face higher prices as state-owned fuel retailers will absorb the hike in duties.

Trade deficit narrows in January

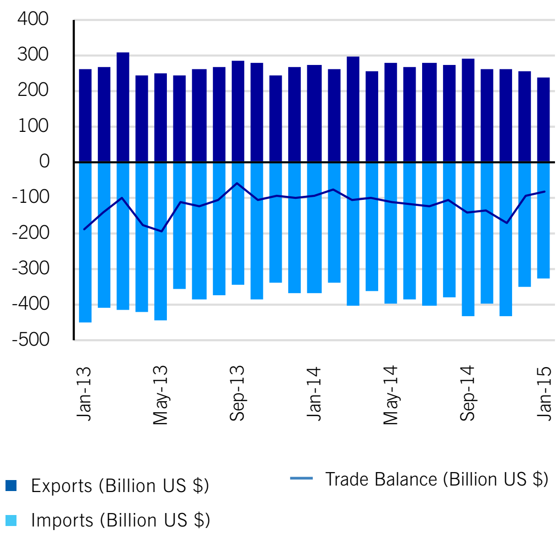
India's trade deficit has narrowed considerably in 2014 mainly on account of lower imports, especially oil imports, while exports have weakened.

India's trade deficit narrowed to an 11-month low of $8.3 billion in January from $9.4 billion in December, 12% below the $9.5 billion shortfall recorded in January a year earlier. The decline in global oil prices, relatively muted consumer sentiment and strength in the rupee have resulted in a trade deficit that was 3.3% narrower during 2014 as a whole compared with a year earlier.

Exports declined by 11.2% on the year to $23.9 billion in January from $25.4 billion in December, mainly due a stronger rupee which made Indian goods and services uncompetitive to peers. Imports declined by 11.4% on the year to $32.2 billion in January from $34.8 billion in December mainly due to tumbling oil prices.

Oil imports, which account for a third of total imports declined for the fourth consecutive month as global crude prices have plunged to less than $50 per barrel in January from around $110 per barrel in June 2014. In January, oil imports fell 37.5% to $8.2 billion from $13.2 billion in the same month a year earlier and

Trade Balance



Source: Ministry of Commerce and Industry were at the lowest level since November 2010. This in turn, along with a slower growth in gold imports, helped lower India's import bill and narrow its trade deficit in 2014.

Gold imports strengthened to $1.55 billion in January from the previous month's total of $1.34 billion. Towards the end of November, the RBI surprised markets by abolishing the rule that made it mandatory to export 20% of all imported gold but many importers had been reluctant to import gold due to high price volatility. Gold imports are set to rise as on February 19, the Reserve Bank of India further eased curbs by allowing banks to import gold on a "consignment basis", under which they act as intermediaries and don't pay for the stock until a buyer has been found which is usually quickly.

Foreign exchange reserves increase

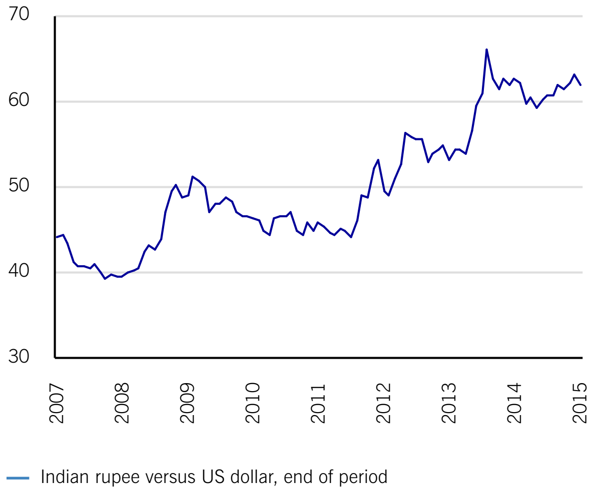
India's foreign exchange reserves rose by $42.96 billion to $333.17 billion in the week to February 20, following a total accumulation of $11.13 billion in the last three weeks. According to the RBI's weekly statistical supplement, foreign currency assets, the biggest component of foreign exchange reserves, rose by $2.3 billion to $307.26 billion while the value of India's gold reserves remained unchanged at $20.18 billion in the week ending February 20. Moreover, the Reserve Bank of India has been buying the dollars invested in the Indian markets and preventing an excessive appreciation of the rupee against the dollar and also building up a cushion of reserves to finance the external sector.

Foreign investors have poured in money to the Indian economy amid high expectations that Prime Minister Narendra Modi's government will bring about pro-business economic reforms and because of the central bank's success in reducing inflation. They have already brought nearly $7 billion so far in 2015 on hopes of a pro-growth Budget.

Slow growth in car sales in January

Car sales in India rose by 3.1% on the year in January following a rise of 15.3% in December as there was an increase in vehicle prices due to the rollback of excise tax concessions. Year-end discounts also crimped demand. In 2014, car sales increased by

Rupee Exchange Rate



Source: Reuters

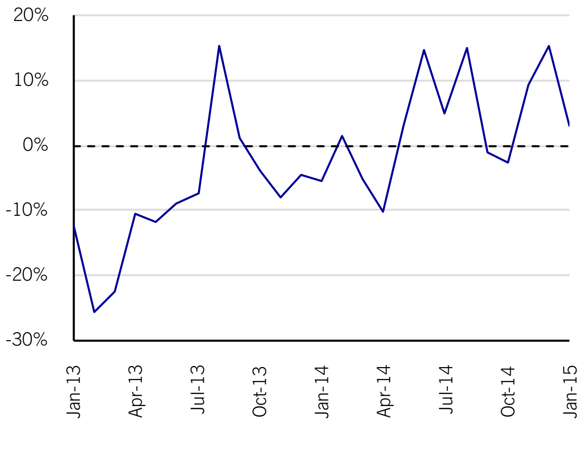
2.5% to 1.85 million units compared with a contraction of almost 10% a year earlier as the government had temporarily lowered excise taxes. In addition, consumers have also benefitted from a reduction in fuel prices in 2014.

A cut in interest rates might help the car industry recover although will not be enough to offset the impact of increased car prices due to the withdrawal of excise duty concessions. Consequently, the Society of Indian Automobile Manufacturers (SIAM) has revised down its growth projections for passenger vehicles for 2014-15 to around 1% against its earlier forecast of up to 4%. Car sales are expected to remain subdued in February and March on expectations that the government may reduce taxes across industries, including on automobiles, in the upcoming union budget.

Sales of commercial vehicles grew by 5.3% on the year in January, down from growth of 9% in December. Commercial vehicles' sales dropped by almost 12% to 606,284 units in 2014, as the investment cycle is yet to pick-up. Two wheeler sales which grew strongly at 11.5% in 2014 compared with a growth of just 4% a year earlier, also eased to 1.1% growth in January. Within two-wheelers, sales of scooters were up by 25.3% on the year to 404,919 units in January, while sales for motorcycles contracted for the fourth consecutive month by almost 6% to 868,507.

The automobile industry was hit in 2014 as sales were relatively poor in comparison with the growth in production. The automobile sector is at the centre of the “Make in India” campaign which aims to grow India’s manufacturing capabilities and attract foreign investment. In total, production was 23,267,591 units in 2014, 10% above the level recorded in 2013. In January, production rose by 2% on the year to 1,976,270 units and was 6.8% above the level recorded in the previous month.

Car Sales



Source: Society of Indian Automobile Manufacturers

Key Monthly Economic Data

	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15
Wholesale Price Index (Y/Y %)	5.4	3.9	2.4	1.7	-0.2	0.1	-0.4
Industrial Production (Y/Y %)	0.9	0.5	2.6	-4.2	3.9	1.7	-
Car Sales (Y/Y %)	5.0	15.2	-1.0	-2.6	9.5	15.3	3.1
Trade Balance (Billion US $)	-12.2	-10.8	-14.2	-13.4	-16.9	-9.4	-8.3
MNI India Business Sentiment Indicator	70.0	68.4	71.2	69.7	68.9	68.4	64.2
MNI India Consumer Sentiment Indicator	124.1	125.2	124.1	123.7	120.9	119.6	120.4

While overall sentiment is almost 14% above the level in February 2014...

...this performance has not been matched by other key indicators in the report such as New Orders and Production which have both fallen.

Indicators

The increase in confidence brought to a halt four monthly declines in the business indicator, leaving it close to the average seen over the past year.

MNI India Business Indicator
First Rise Since September 2014

The MNI India Business Sentiment Indicator rose 3.1% to 66.2 in February from 64.2 in January as the cheaper cost of raw materials helped to offset the recent weakening in demand.

The increase in confidence brought to a halt four monthly declines in the business indicator, leaving it close to the average seen over the past year. Confidence was boosted in the run up to the election of Prime Minister Modi last year but has subsequently eased as businesses have become increasingly disappointed with a lack of concrete reforms.

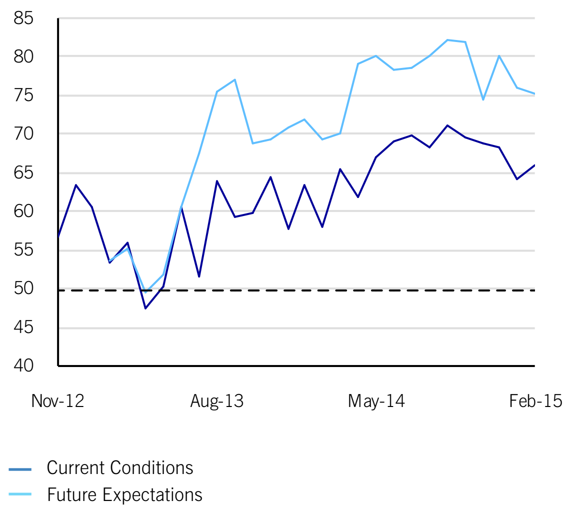
While overall sentiment is almost 14% above the level in February 2014, this performance has not been matched by other key indicators in the report such as New Orders and Production which have both fallen. The divergence in overall sentiment and the key activity indicators may have been exacerbated by the 25 basis points cut in the key policy rate to 7.75% in mid-January, which came after the January survey was taken – the impact can also be seen in the Interest Rates Paid indicator later in the report.

Businesses were marginally less optimistic about the next three months with the Expectations Indicator falling to a three-month low of 75.3 in February from 76.1 in January.

Construction companies led the improvement in sentiment in February, while companies within the manufacturing sector, a key focus of the incumbent government, revised down their expectations for the future.

Aside from overall business sentiment, key activity metrics including Production, New Orders, Order Backlogs and Inventories all fell below their averages for 2014.

MNI India Business Indicator



Inventories of Finished Goods trickled down to hit a record low in February, continuing the long-term decline. One of the biggest boons for companies was a further weakening in the cost of inputs, with Input Prices hitting a series low on the month.

In February, nine out of the 15 current conditions indicators included in the survey declined and four were below the 50 threshold that separates expansion from contraction. Fewer businesses were optimistic about the future, with 11 of the 15 future expectations indicators declining this month.

MNI India Business Indicator

	Feb-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15
Current Conditions	58.2	71.2	69.7	68.9	68.4	64.2	66.2

The recent changes to the way Indian GDP is calculated have resulted in growth being revised from 4.7% to 6.6% in the year ending March 2014 and from 4.5% to 4.9% in the year ending March 2013. While the large revisions to growth are somewhat baffling, they do now show that the economy bottomed out in early 2013, in line with our business survey data.

The subsequent pick-up in the MNI India BSI captures well the recovery seen in GDP in 2014. GDP grew by 6.5% in the first quarter ending June 2014 and accelerated to 8.2% and 7.5% in the subsequent quarters. This pick-up, though, was not matched by some of the key activity indicators in the survey including Production and New Orders where the recovery was short-lived. While further analysis is warranted, at first glance the GDP revisions don't tally well with the relatively flat profile of our sister Consumer Sentiment Indicator. Companies' cautious stance regarding production and employment has continued into 2015 in spite of record low prices and lower interest rates.

Expectations are for the economy to grow by 7.4% in the year ending March 2015, a feat which would require growth to be at least 7.3% on the year in the three months to March. We estimate that growth will be on the weaker side as all the key indicators of the MNI India Business Survey have been relatively muted in the first two months of the New Year.

Sectors - Overall Business Conditions

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

"We have stopped fresh financing and focusing only on recovery." **Consumer finance services company**

"Economic condition is poor, margins are low and overall market situation is weak." **Speciality finance service company**

"Next three months will be a low demand season." **Food retailing and wholesaling service company**

"There is very little demand in the real estate industry." **Furnishings manufacturing company**

"The textile industry is going through a tough time." **Clothing and accessories manufacturing company**

"Supply is more than demand, so business conditions are not favourable." **Food products manufacturing company**

MNI India Business Indicator

	Feb-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15
Future Expectations	69.5	82.4	82.0	74.6	80.2	76.1	75.3

Orders
New Orders Lowest Since October 2013

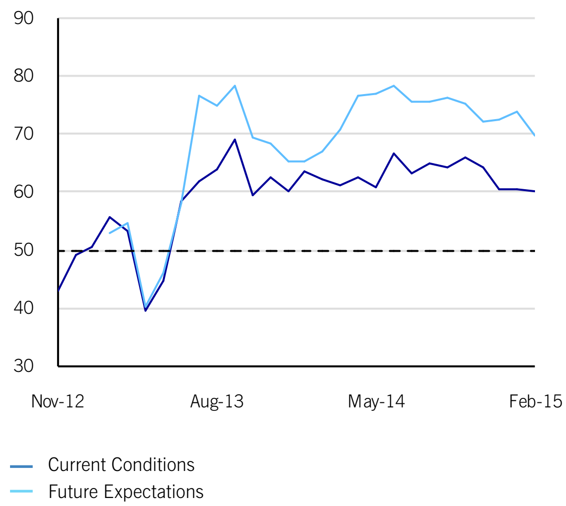
Companies received fewer new orders and had lower unfulfilled orders as demand continued to cool off following the conclusion of the major Indian festivals.

While overall business sentiment was boosted sharply on the back of the “Modi boost” in 2014, demand for goods and services has been much more subdued. New Orders declined for the fourth consecutive month to 60.2 in February from 60.7 in January. This month’s fall leaves orders below the level they were at in February 2014 with the level of orders remaining relatively stable over the past year.

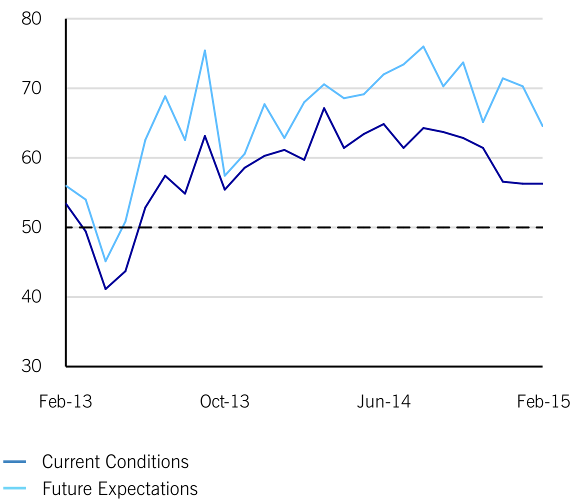
Companies were also less optimistic that demand for their goods and services would grow in the coming three months. The Expectations Indicator for New Orders fell to 69.9 in February from 74.1 in January. Companies within both the construction and manufacturing sectors were less optimistic about their future orders, while service companies’ expectations remained broadly stable.

Overseas demand for Indian goods and services declined in part due to the recent strengthening of the rupee and ongoing weakness in European economies, which are a pivotal market for Indian exports. Official data has revealed there has been some softening in Indian exports since September 2014. Latest figures showed that Indian exports contracted by 11.2% on the year in January after declining by 3.8% in December, the sharpest fall since July 2012. The MNI Export Orders Indicator, which presents an advance insight into export demand, was flat at 56.5 in February following five months of declines. This left the Export Orders Indicator down 5.5% on the year and around 3% below the series average.

New Orders



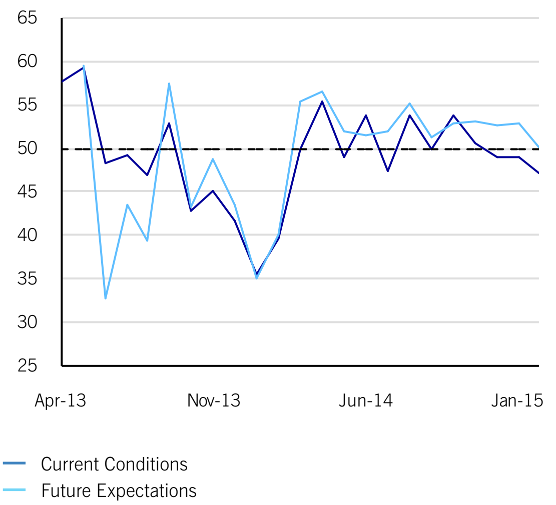
Export Orders



Orders - Current Conditions

	Feb-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15
New Orders	62.3	64.3	66.2	64.6	60.8	60.7	60.2
Export Orders	59.8	63.8	63.0	61.6	56.8	56.5	56.5
Order Backlogs	39.8	50.0	53.8	50.8	49.0	49.0	47.3

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 was some cancellation of orders from customers." **Tyre manufacturing company**

"There is less demand and more competition in the market." **Industrial machinery manufacturing company**

"Order backlogs are low due to better exports and production." **Diversified Industrials manufacturing company**

"Export Orders are lower as the festival season has ended in foreign countries." **Clothing and accessories manufacturing company**

There was a sharp decline in expectations for Export Orders for the coming three months, which fell by 5.8 points to 64.6 in February, the lowest level in just over a year.

With both domestic and foreign demand dwindling in recent months, Order Backlogs contracted a further 1.7 points to 47.3, the lowest level of the past 12 months. Manufacturing companies continued to face lower backlogs whilst construction and service sector companies, which had previously faced larger backlogs, also reported a contraction in their unfulfilled orders. Companies also became less bullish about demand in the coming three months with the Expectations Indicator falling to just above the breakeven level at 50.2 in February from 52.9 in January.

Orders - Future Expectations

	Feb-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15
New Orders	67.2	76.4	75.3	72.4	72.6	74.1	69.9
Export Orders	68.2	70.5	73.9	65.3	71.6	70.4	64.6
Order Backlogs	40.1	51.5	52.9	53.2	52.8	52.9	50.2

Output and Employment

Production Lowest Since May 2014

As companies scaled back production in the face of weaker demand, they had less need to hire workers.

The Production Indicator fell for the third consecutive month to 61.0 in February from 62.5 in January, the lowest level since May 2014. It's now down 1.6% compared with the same month a year earlier. The fall in production was across all three sectors, although it was led by construction companies.

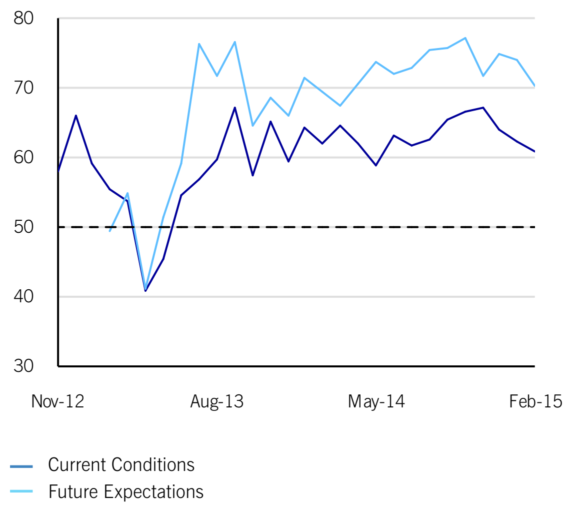
Since the conclusion of the festival season towards the end of 2014, companies have been a little less optimistic about their future production. The Expectations Indicator eased to 70.3 in February from 74.1 in January.

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

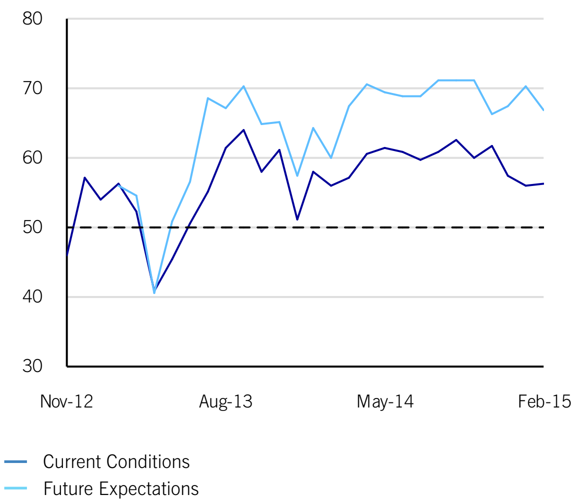
With production scaled back, companies kept their workforce very close to the optimum level as reflected by the Employment Indicator which stood at 50.3 in February from 50.8 in January. Both construction and service sector companies remained optimistic about employment in contrast with manufacturing companies who did not feel the need to expand their workforce.

Companies were slightly more optimistic about employment in the next three months compared with current conditions, although expectations this month were slightly lower than those January. The Expectations

Production



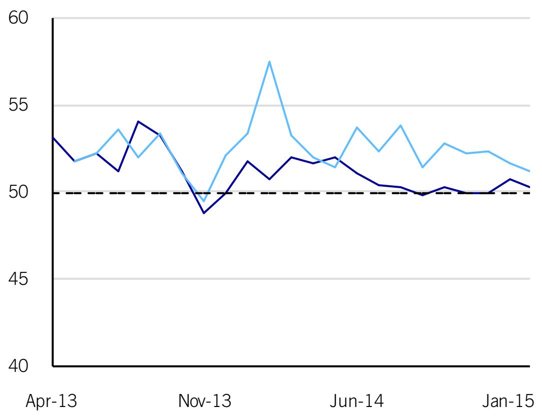
Productive Capacity



Output and Employment - Current Conditions

	Feb-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15
Production	62.0	65.7	66.7	67.3	64.2	62.5	61.0
Productive Capacity	56.1	62.8	60.1	61.8	57.7	56.0	56.3
Employment	50.8	49.9	50.3	50.0	50.0	50.8	50.3

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

"We are importing more than manufacturing." **Electrical components and equipment manufacturing company**

"Few employees left so we have insufficient staff." **Auto parts manufacturing company**

"Both production and production capacity is lower as it's an off-season." **Furnishings manufacturing company**

"More professionals are required for the growth of business." **A hotels group**

indicator decreased to 51.3 from 51.7 in January. Companies' expectations tumbled in the first half of last year before slowing to a more gradual decline, a trend which has continued in 2015. This month's fall placed the indicator at the lowest since November 2013.

Following the busy festival period, some companies have scaled back their productive capacity in a likely effort to cut costs and meet relatively weaker demand. Productive Capacity remained broadly stable at 56.3 after falling by almost 3% to 56.0 in January. Companies were also less optimistic about their productive capacity in the next three months with the Expectations Indicator declining by 4.8% to 67.0 from 70.4 in January, compensating for the gain from 67.6 in December.

Output and Employment - Future Expectations

	Feb-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15
Production	69.7	75.8	77.3	71.9	75.1	74.1	70.3
Productive Capacity	60.0	71.3	71.4	66.3	67.6	70.4	67.0
Employment	57.5	51.5	52.8	52.3	52.4	51.7	51.3

Prices
Input Prices at Record Low

Companies have benefitted from lower input prices and the strengthening in the rupee has also helped underpin overall business sentiment.

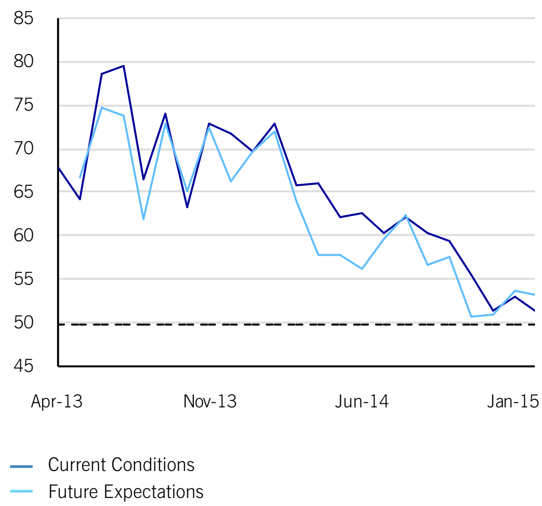
While the volatility in the rupee adversely impacted companies in the previous month, businesses have started to benefit from the rupee's strength. The indicator which measures the Effect of the Rupee Exchange Rate recovered to 50.9 in February after contracting sharply to 44.3 in January. The rise on the month placed it just above the series average of 50.3.

The exchange rate movement is captured well by our panel's perception of the effect of the rupee on business conditions. When the rupee depreciated dramatically in the second half of 2013, business costs rose sharply and the Exchange Rate Indicator fell to a record low. It improved gradually throughout 2014 alongside the recovery in the rupee. Although the pace of the rupee's appreciation has picked up recently, the currency has only just managed to pass the value than it attained in February 2014.

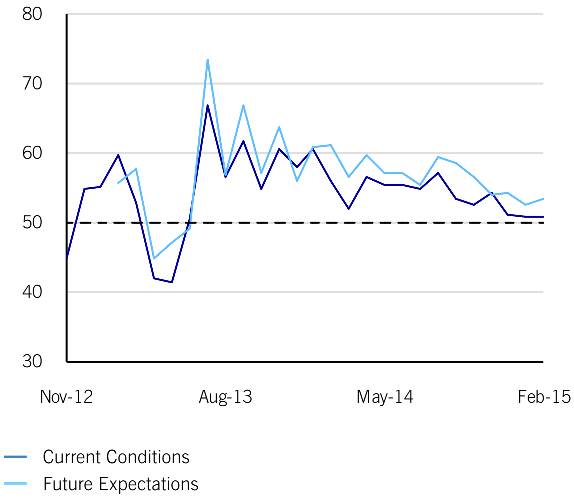
More companies anticipated that they would benefit from the exchange rate in the coming three months, with the Expectations Indicator rising to 54.1 from 52.2 in January. All three sectors continued to expect that the rupee exchange rate would be beneficial, although companies in the service sector were slightly less optimistic than the previous month.

The rupee's strength and low oil prices contributed to the easing in the Input Prices Indicator to a record low of 51.4 from 53.2 in January. Firms expected prices to rise over the coming three months but the pace of ascent was broadly stable with the indicator at 53.4 compared with 53.7 in January. More companies paid lower

Input Prices



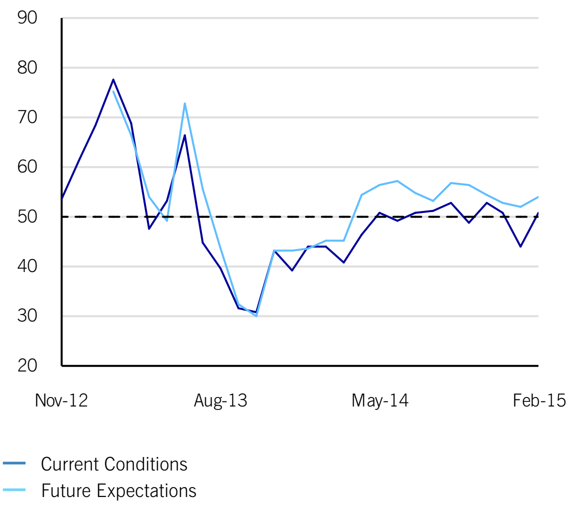
Prices Received



Prices - Current Conditions

	Feb-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15
Input Prices	73.0	60.4	59.4	55.6	51.5	53.2	51.4
Prices Received	56.2	53.6	52.6	54.3	51.3	51.1	51.1
Exchange Rate	44.2	53.0	48.8	52.8	50.8	44.3	50.9

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

"Oil and steel prices are going down." **Industrial machinery manufacturing company**

"Fuel prices are coming down." **Heavy construction company**

"If demand increases input prices will increase." **Food products manufacturing company**

"Stability in the rupee against dollar helps our business." **Pharmaceuticals manufacturing company**

prices, especially in the manufacturing sector where the indicator slipped into contraction.

Intense competition and poor consumer sentiment has prevented many companies from raising prices. Companies charged similar prices for their goods and services in January, with the Prices Received Indicator flat at 51.1 in February. Manufacturing companies charged lower prices in spite of higher input prices with the Prices Received indicator falling below 50 while both construction and service sector companies were still able to charge higher prices in February.

Fewer companies anticipated that they would charge lower prices in three months' time, although the majority of companies' expectations were broadly the same as they were in the previous month. The Future Expectations indicator rose to 53.6 from 52.8 in January.

Prices - Future Expectations

	Feb-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15
Input Prices	72.0	56.7	57.6	50.9	51.1	53.7	53.4
Prices Received	61.2	58.6	56.6	54.1	54.4	52.8	53.6
Exchange Rate	45.2	56.8	56.5	54.7	52.8	52.2	54.1

Money and Credit
Interest Rates Paid Plummet to Record Low

In spite of cheaper credit, some companies said the full benefit of the recent rate cut had not yet been passed on. And while the cost of credit declined, the panel was less optimistic about credit availability.

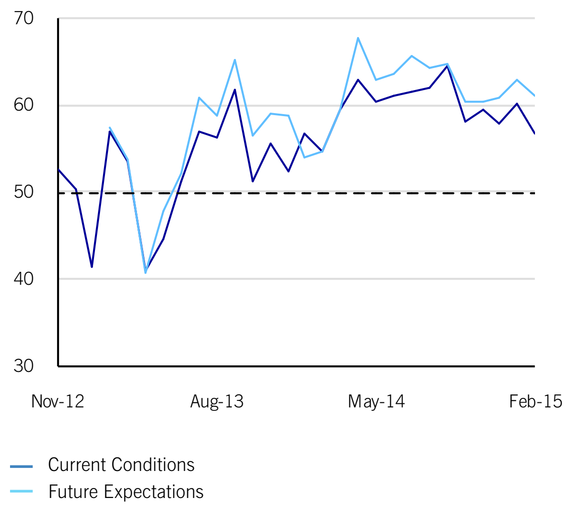
Between January and February, more companies reported that their credit costs had decreased, although the majority of our panel said they had not changed compared with the previous month. The Interest Rates Paid Indicator, which had dived into contraction in January, declined further to a record low of 45.8 and was substantially below the outturn of 67.3 recorded in February 2014.

The Reserve Bank of India reduced the key interest rate by 25 basis points to 7.75% towards the end of our January survey period. The reduction in interest rates paid by a larger proportion of companies this month reflects the impact of this rate cut, although many companies reported that banks were yet to fully pass on the benefit of the rate cut. At its scheduled monetary policy meeting on February 3, the RBI also reduced the statutory liquidity ratio (SLR), the mandatory amount of bonds lenders must keep with the central bank from 22% to 21.5% in order to encourage banks to expand credit and increase their lending.

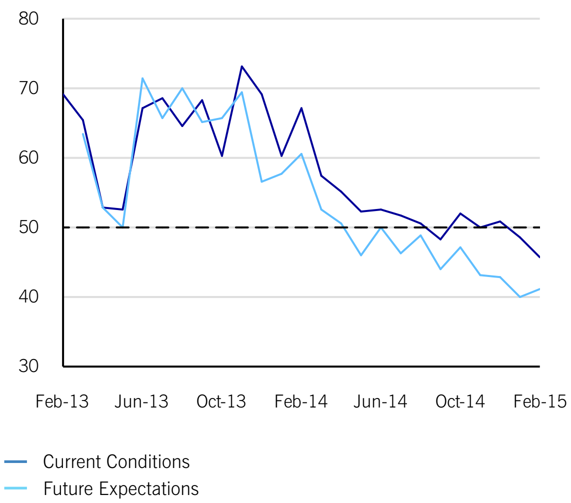
We expect that the impact of this monetary easing on interest rates paid will continue to filter through to subsequent surveys. Moreover, there is more scope for the RBI to cut interest rates further as disinflationary pressures are set to continue amid weak global oil prices.

Expectations for interest rates have also trended down since last year and in February companies continued to expect lower interest rates in the coming three months on expectations that more banks will start passing on

Availability of Credit



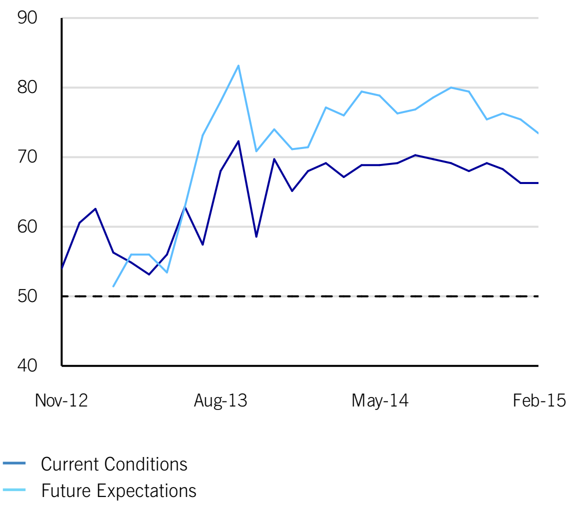
Interest Rates Paid



Money and Credit - Current Conditions

	Feb-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15
Availability of Credit	54.9	64.6	58.3	59.5	58.1	60.3	56.9
Interest Rates Paid	67.3	48.5	52.0	50.0	51.1	48.6	45.8
Financial Position	69.3	69.2	68.0	69.4	68.3	66.4	66.4

Financial Position



Sectors - Current Conditions

	Availability of Credit	Interest Rates Paid	Financial Position
Manufacturing	↓ > 50	↓ < 50	↓ > 50
Services	↓ > 50	↓ < 50	↑ > 50
Construction	↑ > 50	↓ < 50	↑ > 50

Sectors - Future Expectations

	Availability of Credit	Interest Rates Paid	Financial Position
Manufacturing	↓ > 50	↓ < 50	↓ > 50
Services	↓ > 50	↑ < 50	↓ > 50
Construction	↓ > 50	↑ < 50	↑ > 50

the benefits of the rate cut. In order to take advantage of lower interest rates, some companies were willing to take out fresh loans to expand their production or launch new products. This resulted in a slight improvement in the Expectations Indicator to 41.4 from January's series low of 40.2.

Credit availability remained broadly stable in February according to the majority of our panel. In general, a rise in bad loans has made banks more cautious and thus more reluctant to provide credit. This resulted in a decline in the Availability of Credit indicator from 60.3 in January to 56.9 in February, putting it close to the series average of 55.9.

In line with lower interest rate expectations, companies anticipated greater credit availability over the coming three months. The Expectations Indicator stood at 61.1 in February compared with 63.1 in January, 3.5% above the series average.

Even though business sentiment grew in 2014, companies' financial position has remained roughly flat. In February, companies' assessment of their financial position was unchanged and the indicator stood at 66.4. While more construction and service sector companies reported an improvement in their financial condition, fewer manufacturing firms shared the same opinion. Companies' expectations about their future financial position have followed a similar trend to their current financial position but have remained higher in level terms. The Expectations Indicator fell to 73.7 in February after remaining broadly stable at 75.6 in January.

Money and Credit - Future Expectations

	Feb-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15
Availability of Credit	54.8	64.8	60.6	60.4	61.0	63.1	61.1
Interest Rates Paid	60.7	44.2	47.3	43.2	43.0	40.2	41.4
Financial Position	77.2	80.2	79.5	75.6	76.5	75.6	73.7

Logistics
Companies Run Down Stocks

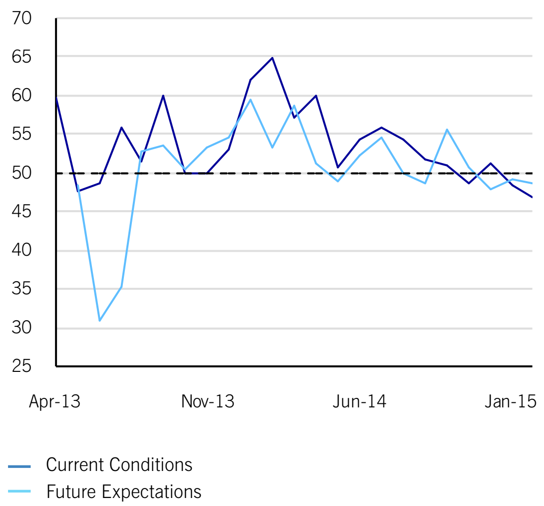
An increasing number of companies reported that they were running down their stock levels given weaker demand conditions in February and did not expect to accumulate further inventory in the next three months.

The level of Finished Goods Inventories contracted to 47.1 in February from 48.6 in January, the lowest level in the survey's history. Many companies reported that it was an off-period, during which they would be better off running down existing stocks to meet demand.

Moreover, companies did not intend to meet future demand by producing more. Rather, they expected to fulfil it by running down their inventories at a faster pace than the previous month. Expectations for Inventories of Finished Goods in three months' time remained in contraction, falling to 48.8 compared with 49.2 in January.

Suppliers of key inputs were able to fulfil orders quickly following months of lukewarm demand. Our panel reported that delivery times had reduced to 49.8 from 52.5 in January. This marked the first month that delivery times have contracted since the start of the survey. However, companies anticipated that delivery times would be longer in the coming three months. The Expectations Indicator rose to 52.9 in February from 51.8 in January, but was still almost 6% below the level recorded in February 2014.

Inventories



"Due to higher demand, there is lower inventory." **Food products manufacturing company**

"Goods are moving out faster." **Clothing and accessories manufacturing company**

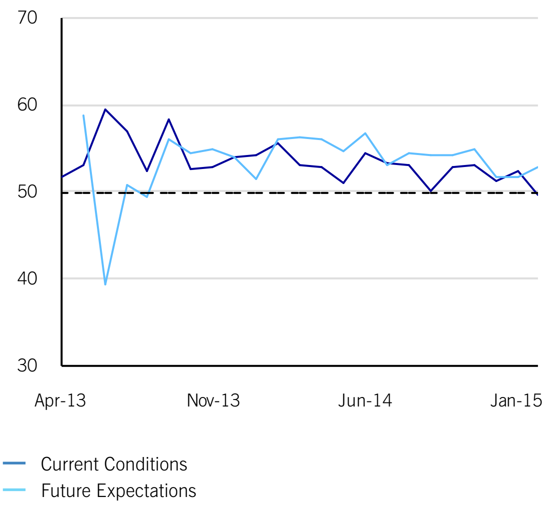
"The inventory level will be low as we will reduce production due to low demand." **Auto parts manufacturing company**

"Demand is low so there will not be any high quantity orders for raw materials and hence the time taken by suppliers will also be less in the coming months." **Auto parts manufacturing company**

Logistics - Current Conditions

	Feb-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15
Inventories	64.9	51.8	51.2	48.9	51.3	48.6	47.1
Supplier Deliveries	55.6	50.2	53.0	53.2	51.4	52.5	49.8

Supplier Delivery Times



“Due to lower prices of raw materials, our suppliers are taking less time to deliver.” **Diversified industrials manufacturing company**

“Inventory is low due to operational efficiency.” **Heavy construction company**

“We expect market to improve and hence inventories will be lower.” **Furnishings manufacturing company**

“We expect higher quantity will be required, so suppliers will take more time.” **Furnishings 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

	Feb-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15
Inventories	53.5	48.8	55.6	50.9	47.9	49.2	48.8
Supplier Deliveries	56.2	54.3	54.3	55.1	51.9	51.8	52.9

What the Panel Said

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

“Banks are not providing us credit due to losses in our business.” **Food products manufacturing company**

“Banks are more conservative now days.” **Software services company**

“Interest rates are still very high and we are unable to get loans.” **Investment services company**

“The RBI has cut down interest rates.” **Iron and steel manufacturing company**

“We don’t expect anything positive in terms of credit availability.” **Investment services company**

“We are continuously paying off our loans so banks are providing credit to us.” **Commodity chemicals manufacturing company**

“We have special reduction in market rate because of the change in our company’s rating from B+ to A-.” **Commodity chemicals manufacturing company**

“Banks have more liquidity so they are offering us good finance.” **Speciality retailer service company**

“In the coming three months, banks will be less conservative to lend finance.” **Diversified industrials manufacturing company**

“We are importing more than manufacturing.” **Electrical components and equipment manufacturing company**

“Few employees left so we have insufficient staff.” **Auto parts manufacturing company**

“Both production and production capacity is lower as it’s an off-season.” **Furnishings manufacturing company**

“More professionals are required for the growth of business.” **A hotels group**

“Staff is much more compared to the requirement in operational activities.” **Furnishings manufacturing company**

“The banking sector is extending its hands to give more credit and banks aggressively following up.” **Speciality finances service company**

“The RBI has reduced interest rates but banks have not passed on this benefit to us, so we expect them to reduce interest rates in the coming three months.” **Industrial machinery manufacturing company**

“We are planning some new projects so there will be need of more funds and our interest costs will rise.” **Paper manufacturing company**

“We have received a notification from our bank about reduction in the rate of interest.” **Auto parts manufacturing company**

“Due to higher demand, there is lower inventory.” **Food products manufacturing company**

“There was some cancellation of orders from customers.” **Tyre manufacturing company**

“There is less demand and more competition in the market.” **Industrial machinery manufacturing company**

“Order backlogs are low due to better exports and production.” **Diversified Industrials manufacturing company**

“Export Orders are lower as the festival season has ended in foreign countries.” **Clothing and accessories manufacturing company**

“There is less demand from Europe.” **Auto parts manufacturing company**

“We are delivering on time.” **Diversified industrials manufacturing company**

“Backlogs are low due to the off-season.” **Furnishings manufacturing company**

“Demand is very less so there is no backlog.” **Auto parts manufacturing company**

Data tables

Historical Summary

	2014											2015	
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
MNI India Business Indicator													
Current Conditions	58.2	65.5	61.9	67.0	69.2	70.0	68.4	71.2	69.7	68.9	68.4	64.2	66.2
Future Expectations	69.5	70.1	79.1	80.3	78.5	78.6	80.3	82.4	82.0	74.6	80.2	76.1	75.3
Production													
Current Conditions	62.0	64.8	62.0	59.0	63.2	61.8	62.7	65.7	66.7	67.3	64.2	62.5	61.0
Future Expectations	69.7	67.7	70.6	73.9	72.1	72.9	75.5	75.8	77.3	71.9	75.1	74.1	70.3
New Orders													
Current Conditions	62.3	61.5	62.9	60.9	66.7	63.4	65.3	64.3	66.2	64.6	60.8	60.7	60.2
Future Expectations	67.2	70.9	76.9	77.0	78.6	75.7	75.6	76.4	75.3	72.4	72.6	74.1	69.9
Export Orders													
Current Conditions	59.8	67.4	61.7	63.5	65.0	61.7	64.3	63.8	63.0	61.6	56.8	56.5	56.5
Future Expectations	68.2	70.6	68.8	69.4	72.0	73.6	76.1	70.5	73.9	65.3	71.6	70.4	64.6
Productive Capacity													
Current Conditions	56.1	57.4	60.7	61.5	60.9	59.9	60.9	62.8	60.1	61.8	57.7	56.0	56.3
Future Expectations	60.0	67.5	70.7	69.6	68.9	68.9	71.4	71.3	71.4	66.3	67.6	70.4	67.0
Order Backlogs													
Current Conditions	39.8	50.0	55.4	49.0	53.9	47.4	54.0	50.0	53.8	50.8	49.0	49.0	47.3
Future Expectations	40.1	55.4	56.7	52.1	51.7	52.0	55.2	51.5	52.9	53.2	52.8	52.9	50.2
Employment													
Current Conditions	50.8	52.1	51.7	52.1	51.1	50.5	50.3	49.9	50.3	50.0	50.0	50.8	50.3
Future Expectations	57.5	53.3	52.0	51.5	53.8	52.4	53.9	51.5	52.8	52.3	52.4	51.7	51.3
Inventories													
Current Conditions	64.9	57.2	60.0	50.9	54.5	55.9	54.5	51.8	51.2	48.9	51.3	48.6	47.1
Future Expectations	53.5	58.8	51.3	49.0	52.5	54.8	50.0	48.8	55.6	50.9	47.9	49.2	48.8
Input Prices													
Current Conditions	73.0	66.0	66.1	62.2	62.6	60.4	62.2	60.4	59.4	55.6	51.5	53.2	51.4
Future Expectations	72.0	64.0	58.0	57.8	56.2	59.8	62.4	56.7	57.6	50.9	51.1	53.7	53.4
Prices Received													
Current Conditions	56.2	52.2	56.8	55.6	55.6	54.9	57.3	53.6	52.6	54.3	51.3	51.1	51.1
Future Expectations	61.2	56.6	59.8	57.4	57.2	55.5	59.6	58.6	56.6	54.1	54.4	52.8	53.6
Financial Position													
Current Conditions	69.3	67.2	68.9	69.1	69.3	70.3	69.8	69.2	68.0	69.4	68.3	66.4	66.4
Future Expectations	77.2	76.1	79.6	79.0	76.5	76.9	78.8	80.2	79.5	75.6	76.5	75.6	73.7
Interest Rates Paid													
Current Conditions	67.3	57.6	55.3	52.3	52.7	51.8	50.8	48.5	52.0	50.0	51.1	48.6	45.8
Future Expectations	60.7	52.8	50.7	46.1	50.0	46.4	48.9	44.2	47.3	43.2	43.0	40.2	41.4
Effect of Rupee Exchange Rate													
Current Conditions	44.2	40.8	46.4	50.8	49.4	51.1	51.2	53.0	48.8	52.8	50.8	44.3	50.9
Future Expectations	45.2	45.5	54.4	56.4	57.5	55.1	53.3	56.8	56.5	54.7	52.8	52.2	54.1
Supplier Delivery Times													
Current Conditions	55.6	53.2	52.9	51.2	54.5	53.5	53.1	50.2	53.0	53.2	51.4	52.5	49.8
Future Expectations	56.2	56.3	56.2	54.9	56.8	53.3	54.5	54.3	54.3	55.1	51.9	51.8	52.9
Availability of Credit													
Current Conditions	54.9	59.6	63.1	60.4	61.1	61.7	62.1	64.6	58.3	59.5	58.1	60.3	56.9
Future Expectations	54.8	59.5	67.8	63.0	63.7	65.8	64.5	64.8	60.6	60.4	61.0	63.1	61.1

Historical Records

	2012 - Current Minimum	Maximum	Mean	Median
MNI India Business Indicator				
Current Conditions	47.5	71.2	62.1	63.5
Future Expectations	49.7	82.4	71.2	74.6
Production				
Current Conditions	41.0	67.3	60.3	61.9
Future Expectations	41.3	77.3	68.0	71.6
New Orders				
Current Conditions	39.7	69.1	59.2	61.2
Future Expectations	40.4	78.6	68.6	72.4
Export Orders				
Current Conditions	41.3	67.4	58.2	59.8
Future Expectations	45.2	76.1	65.6	68.2
Productive Capacity				
Current Conditions	41.0	64.0	56.6	57.6
Future Expectations	40.7	71.4	64.4	67.4
Order Backlogs				
Current Conditions	35.6	59.3	49.1	49.0
Future Expectations	32.8	59.6	49.1	51.9
Employment				
Current Conditions	48.9	54.1	51.2	51.1
Future Expectations	49.5	57.5	52.5	52.3
Inventories				
Current Conditions	47.1	64.9	53.7	51.8
Future Expectations	31.0	59.5	50.5	51.1
Input Prices				
Current Conditions	51.4	79.6	64.9	64.4
Future Expectations	50.9	74.9	62.7	62.3
Prices Received				
Current Conditions	41.5	67.1	54.5	54.9
Future Expectations	45.1	73.7	57.1	57.0
Financial Position				
Current Conditions	53.4	72.3	64.7	67.6
Future Expectations	51.6	83.3	72.3	75.6
Interest Rates Paid				
Current Conditions	45.8	73.2	58.3	55.3
Future Expectations	40.2	71.7	54.4	51.8
Effect of Rupee Exchange Rate				
Current Conditions	30.9	77.8	50.3	50.1
Future Expectations	30.1	75.5	52.2	54.1
Supplier Delivery Times				
Current Conditions	49.8	59.6	53.5	53.1
Future Expectations	39.5	59.0	53.6	54.4
Availability of Credit				
Current Conditions	41.1	64.6	55.9	57.0
Future Expectations	40.9	67.8	59.1	60.4

Historical Records - Quarterly

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

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Published by
MNI Indicators | Deutsche Börse Group
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