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MNI India Business Report
March 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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Courting the Opposition

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While the Indian government has made a lot of noise since winning the general election ten months ago, a lack of concrete reforms has raised some doubts about Prime Minister Modi's ability to push through tough economic measures that are urgently required. While the historic victory of the BJP in the election last year, gave it a majority in the lower house (Lok Sabha) it has lacked numbers to control the Upper House (Rajya Sabha) which has severely slowed the pace of reforms.

The government has, though, finally managed to get some major legislation through both houses of parliament. Not only will this strengthen the government's reform agenda, but it will boost investor confidence in terms of Modi's ability to manage the opposition and the upper house.

To begin with, the passing of the insurance bill, which had been stuck in Parliament since 2008, will raise the limit that foreign companies can own in Indian insurers to 49% from 26% and should help encourage investment in the sector. Given that insurance penetration, measured as the ratio of insurance premiums to GDP in India is just 3.9% compared with a world average of 6.3%, and below that of South Africa (15.4%), Brazil (4%) and other G20 nations, it will enable the infusion of much-needed capital in the insurance sector. The opening of the sector will be a big positive for private insurers who have limited presence beyond metropolitan areas, while new companies may choose to enter into the sector which would lead to higher competition and likely result in cheaper insurance premiums.

Another crucial bill that was pushed through was a new mining law which paves the way for private companies to mine and sell coal in India. This is an important step forward as state-run Coal India Ltd. which currently has a monopoly on coal mining has for years fallen short of its targets. Under the new law, mining leases will be granted through competitive bidding auctions which are expected to introduce transparency and certainty in the mining allocation process and thereby provide a big boost to manufacturing as well as power generation to improve the business environment.

Nevertheless, the fact that the government has struggled to pass these relatively straightforward bills suggests that it will be no easy task to pass more contentious reform of land legislation aimed at making it easier and quicker to buy land for infrastructure and industrial purposes. With laws relating to the acquisition of land dating back centuries, it is unsurprising that India is far behind many smaller developing countries including Kenya, Bhutan and Ecuador and is ranked 142 out of 189 countries by the World Bank for ease of doing business. Some progress has been made, but Modi will need to garner greater support from his opponents if he wants to hit his goal of making it into the top 50.

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MNI Indicators

Executive Summary

The MNI India Business Sentiment Indicator, a gauge of current business sentiment declined by 4.8% to 63.0 in March from 66.2 in February as growth in output and orders continued to ease.

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Business confidence, which was boosted following the general elections last year has gradually fallen, with sentiment now at the lowest level since April 2014, the month prior to Modi's election. Confidence is now down 3.8% on the year and 5.7% below the average seen in 2014. In the three months to March the MNI India BSI averaged 64.5, the lowest since quarter ending March 2014.

The decline in confidence was led by construction companies, although manufacturing and services firms also posted falls in sentiment.

Companies were also less upbeat about the next three months with the Expectations Indicator falling to a four-month low of 74.9 in March from 75.3 in February.

Growth in output and orders continued to ease in March. The Production Indicator fell for the fourth consecutive month to the lowest level since May 2014 and was 8.5% down on the year. The New Orders Indicator, which is a key signal of business demand declined for the fifth consecutive month to the lowest since June 2013.

More companies than ever before ran down their stock levels and expected them to decline further in the next three months as new orders slowed to 21-month low in March. The Inventories Indicator contracted to a record low of 46.9 in March from a previous low of 47.1 in February.

With demand relatively low, companies kept their workforce very close to the optimum level as reflected by the Employment Indicator which stood at 50.4 in March from 50.3 in February.

The weakness of the rupee hurt businesses in March, as evidenced by the decline of the Effect of the Rupee Exchange Rate Indicator below the 50 mark into contraction. In turn this has given Indian exporters a competitive advantage with the Export Orders Indicator picking up slightly for the first time since August 2014.

While the rate cut in January helped boost overall business sentiment in February, there was little sign that the March cut, which came at the start of our survey period was having a positive impact yet and may take time to feed through, as for now companies reported a further weakening in their financial positions.

The slight depreciation in the rupee and an increase in oil prices contributed to a rise in Input Prices among companies, although Prices Received continued to ease to the lowest level since May 2013.

Overview

	Jan-15	Feb-15	Mar-15	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
MNI India Business Indicator								
Current Conditions	64.2	66.2	63.0	-	Apr-14	64.5	-3.2	-4.8%
Future Expectations	76.1	75.3	74.9	-	Nov-14	75.4	-0.4	-0.5%
Production								
Current Conditions	62.5	61.0	59.3	-	May-14	60.9	-1.7	-2.8%
Future Expectations	74.1	70.3	69.9	-	Mar-14	71.4	-0.4	-0.6%
New Orders								
Current Conditions	60.7	60.2	59.2	-	Jun-13	60.0	-1.0	-1.7%
Future Expectations	74.1	69.9	69.4	-	Feb-14	71.1	-0.5	-0.7%
Export Orders								
Current Conditions	56.5	56.5	57.3	Nov-14	-	56.8	0.8	1.4%
Future Expectations	70.4	64.6	68.2	Jan-15	-	67.7	3.6	5.6%
Productive Capacity								
Current Conditions	56.0	56.3	54.4	-	Dec-13	55.6	-1.9	-3.4%
Future Expectations	70.4	67.0	62.4	-	Feb-14	66.6	-4.6	-6.9%
Order Backlogs								
Current Conditions	49.0	47.3	48.5	Jan-15	-	48.3	1.2	2.5%
Future Expectations	52.9	50.2	47.8	-	Feb-14	50.3	-2.4	-4.8%
Employment								
Current Conditions	50.8	50.3	50.4	Jan-15	-	50.5	0.1	0.2%
Future Expectations	51.7	51.3	52.0	Dec-14	-	51.7	0.7	1.4%
Inventories								
Current Conditions	48.6	47.1	46.9	-	series low	47.5	-0.2	-0.4%
Future Expectations	49.2	48.8	45.1	-	Jul-13	47.7	-3.7	-7.6%
Input Prices								
Current Conditions	53.2	51.4	53.2	Jan-15	-	52.6	1.8	3.5%
Future Expectations	53.7	53.4	53.6	Jan-15	-	53.6	0.2	0.4%
Prices Received								
Current Conditions	51.1	51.1	50.1	-	May-13	50.8	-1.0	-2.0%
Future Expectations	52.8	53.6	53.2	-	Jan-15	53.2	-0.4	-0.7%
Financial Position								
Current Conditions	66.4	66.4	65.4	-	Dec-13	66.1	-1.0	-1.5%
Future Expectations	75.6	73.7	73.2	-	Jan-14	74.2	-0.5	-0.7%
Interest Rates Paid								
Current Conditions	48.6	45.8	45.9	Jan-15	-	46.8	0.1	0.2%
Future Expectations	40.2	41.4	37.7	-	series low	39.8	-3.7	-8.9%
Effect of Rupee Exchange Rate								
Current Conditions	44.3	50.9	49.2	-	Jan-15	48.1	-1.7	-3.3%
Future Expectations	52.2	54.1	51.4	-	Mar-14	52.6	-2.7	-5.0%
Supplier Delivery Times								
Current Conditions	52.5	49.8	50.8	Jan-15	-	51.0	1.0	2.0%
Future Expectations	51.8	52.9	50.0	-	Aug-13	51.6	-2.9	-5.5%
Availability of Credit								
Current Conditions	60.3	56.9	56.8	-	Feb-14	58.0	-0.1	-0.2%
Future Expectations	63.1	61.1	59.8	-	Mar-14	61.3	-1.3	-2.1%

The MNI India Business Sentiment Indicator fell to 63.0 in March from 66.2 in February...

...the lowest level in 11 months.

Economic Landscape

The government's first full budget offered some key positives for the economy focussing on boosting infrastructure spending, improving the ease of doing business, increasing tax collection and curbing the black market.

The government's first full budget offered some key positives for the economy focussing on boosting infrastructure spending, improving the ease of doing business, increasing tax collection and curbing the black market. The government prioritised growth over short-term fiscal consolidation as it pushed out the medium-term fiscal deficit target of 3% of GDP by one year to 2018. The finance ministry and the RBI also agreed to put in place a monetary policy framework to focus on flexible inflation targeting which should help to improve the effectiveness, transparency and predictability of monetary policy. The RBI will now aim to bring inflation below 6% by January 2016 and to 4% by the end of a two year period starting in 2016-17. Keeping these objectives in mind, the RBI surprisingly made an inter-meeting cut in interest rates by 25 basis points to 7.5% given the low level of inflation and in a way gave tacit approval to the budget.

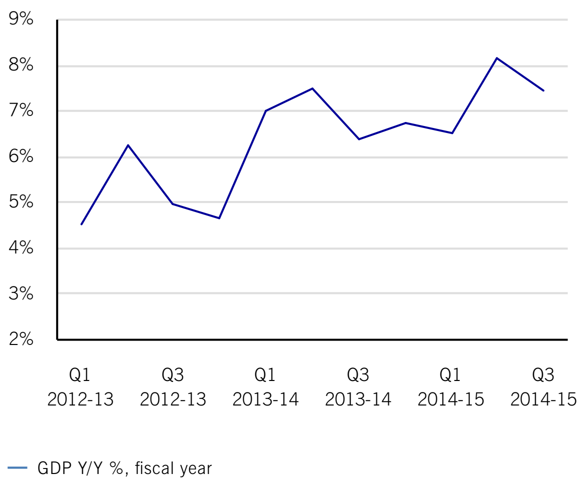
Latest economic data has been disappointing. The pace of industrial production growth slumped to a three-month low in January while retail inflation accelerated in February. On a positive note, though, the trade deficit narrowed to a 17-month low in February, owing mostly to a decline in oil prices which has reduced the chances of another run on the rupee compared with the summer of 2013, when the rupee tumbled to an all-time low over signals that the US Federal Reserve would raise rates.

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.

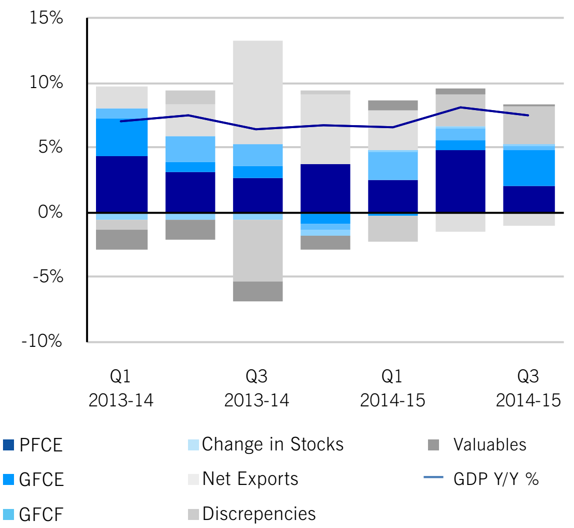
Changes to the way the GDP data is compiled suggest that India's economic performance was much better than previously estimated. There were three key changes to the calculation method. First, the base year was updated to 2011-12 from 2004-05 previously. Second, India will now follow international norms 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

GDP 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%

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 slower growth of 4.7% 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%.

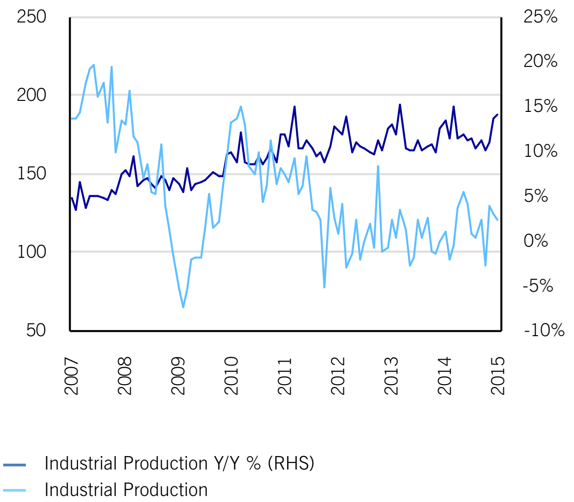
Growth in 2013-14 was still primarily due to the service sector, which contributed 4.5 percentage points to GDP growth, higher than the 3.9 percentage points reported previously. Still, as the percentage share of manufacturing in Gross Value Added was revised up, the share of services was revised down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

Industrial output expands slowly in January

Industrial production expanded by 2.6% on the year in January, the lowest growth in three months, following growth of 3.2% (revised up from 1.7% previously) in December. Accordingly, cumulative growth for the April-January period of the 2014-15 fiscal year compared with 2013-14 stood at 2.5%, up from 0.1% a year ago, but still relatively weak.

Industrial Production



Source: Central Statistical Organisation, India

The small rise in industrial production was led by manufacturing, which comprises around 75% of overall industrial output. Manufacturing output grew by 3.3% on the year after increasing by 3.8% (revised from 2.1%) in the previous month. 14 out of the 22 industry groups within the manufacturing sector expanded in January. The industry group ‘Electrical machinery and apparatus’ saw the largest growth of 28.1%, followed by 23.5% in ‘Furniture manufacturing’.

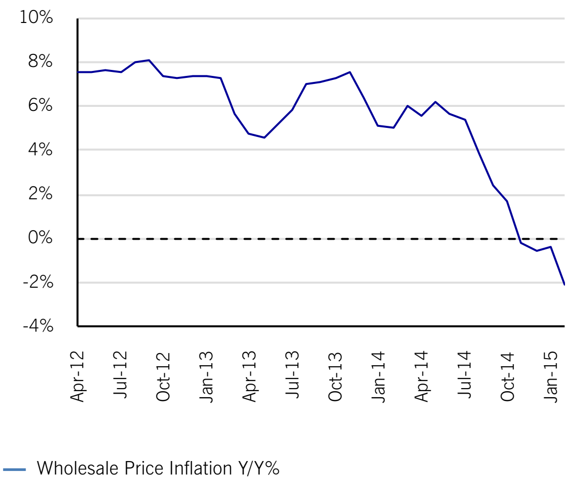
Mining output contracted for the second consecutive month by 2.8% on the year in January compared with a contraction of 2.1% in December. Output of consumer durables, a measure of consumer demand, continues to be a drag on industrial output as it contracted for the eighth consecutive month by 5.3% on the year, although the pace of contraction has started to ease. Capital goods output, a proxy for investment, rose by 12.8% on the year mainly due to base effects compared with 5.3% (4.1% previously) in January. This was the third consecutive rise but on a monthly basis, the pace of growth has descended.

Inflation inches up in February

Consumer price inflation picked up to 5.4% in February from a revised 5.2% in January (previously 5.1%). Food inflation was 6.8% on the year compared with 6.1% in the previous month due to unseasonal rainfall, while core inflation stood at 4.1%, helped by a contraction in transport and communication prices.

The Central Statistics Office has recently 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 in the bottom left-hand corner). 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.

Inflation



Source: Office of the Economic Advisor, India

The previously targeted measure of inflation, based on the Wholesale Price Index, fell to -2.1% from -0.4% in January. The slowdown mainly reflects significant global commodity disinflation in minerals, fuel and non-food primary articles. An unfavourable base effect meant that food inflation increased to 7.7% on the year.

Repo rate cut to 7.5%

The RBI cut the key policy rate by 25 basis points to 7.5% from 7.75% on March 4, once again choosing to move outside of a scheduled meeting. Low inflation was the key factor behind the move. While welcoming changes to the way GDP is measured, the central bank noted that the stronger data was at odds with other direct measures of activity. It appears to be placing more weight on these for the time being in its decision making.

The RBI’s decision to cut rates came days after the budget and in a way gave tacit approval to the budget.

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	

While acknowledging the postponement of fiscal consolidation would add to aggregate demand, it noted that the extra spending will be focused in infrastructure which will help the supply side over the long run to keep inflation capped.

The new 4% medium-term inflation target will be tough for the central bank to meet. Still, evidence from our consumer survey shows inflation expectations are quite low compared with a year earlier, but the RBI will have to remain cautious ahead of Fed's rate hike and unseasonal rains which already are impacting food inflation.

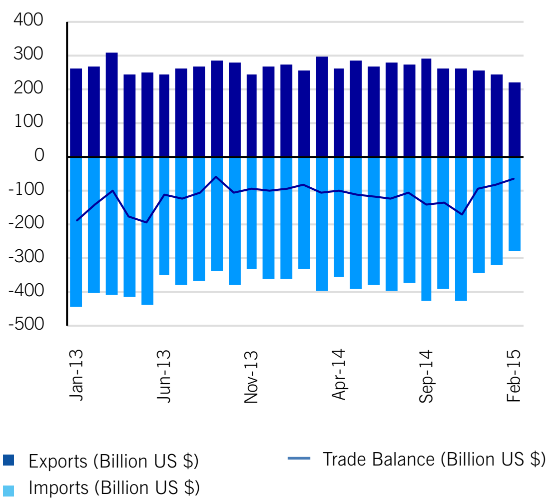
Trade deficit at a 17-month low in February

India's trade deficit narrowed to a 17-month low of $6.8 billion in February from $8.3 billion in January, 17.6% below the $8.3 billion shortfall recorded in February a year earlier. Over the past year, India's trade balance has improved significantly, making it less vulnerable to any Fed rate hike as compared with the summer of 2013. Lower oil prices have mainly contributed in strengthening India's trade balance although exports are on a downward trend.

In spite of a low base affect, exports were down by 15% on the year to $21.5 billion in February from $23.9 billion in January, mainly due volatility in the rupee and weak global demand. Imports declined by 15.7% on the year to $28.4 billion in February from $32.2 billion in January mainly due to lower commodity prices.

Oil imports, which account for a third of total imports declined for the fifth consecutive month due to an over 50% slide in global crude oil prices. In February, oil imports fell 55.5% to $6.1 billion from $13.7 billion in the same month a year earlier and were at the lowest level since May 2009. The non-oil component of imports increased by almost 12%, the highest in three months, mostly a base impact. Specifically, gold and silver imports rose from $1.9 billion in January to $2 billion in February.

Trade Balance



Source: Ministry of Commerce and Industry

High fiscal budget deficit

In the April-January period, the government budget deficit stood at Rs 5.68 trillion, 107% of the target compared with 98.2% during the corresponding period of the previous fiscal year. Government receipts totalled Rs. 7.7 trillion, slightly higher than Rs. 7.4 trillion a year earlier. Out of this, net tax receipts were Rs. 5.9 trillion, just above Rs. 5.8 trillion of the last year. Total expenditure was Rs. 13.4 trillion compared with Rs. 12.7 trillion a year earlier.

Finance Minister Arun Jaitley was confident of achieving the fiscal deficit target of 4.1% of GDP for 2014-15 in the budget but has eased the fiscal consolidation roadmap. The government now expects the deficit to be 3.9% of GDP, above the 3.6% target inherited from the last government for 2015-16. It also pushed back the deadline for cutting the deficit to 3% of GDP by a year to 2017-18 in order to increase public investments aimed for higher growth.

The government however remains optimistic that divestment in public ownership will be able to plug the gap this year. The 10% stake sale in Coal India has already gathered Rs 226 billion. The 2G and 3G telecom auction would help the government add at least Rs. 823 billion to its kitty. 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

New Monetary Policy Framework

The finance ministry and the RBI have agreed to put in place a monetary policy framework to focus on flexible inflation targeting. The objective of monetary policy is "primarily to maintain price stability, while keeping in mind the objective of growth".

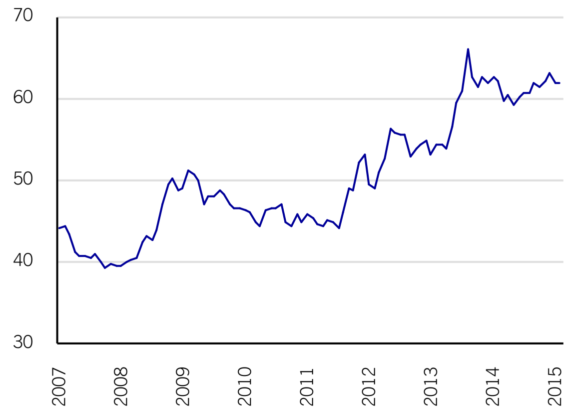
• The RBI will aim to bring inflation (CPI) to below 6% by January 2016 and to the midpoint of a 2%-6% band (4%) by the end of a two year period starting in 2016-17, which is three years from now.
• The RBI will publish a report every six months to highlight sources of inflation, and its inflation forecast for the next 6-18 months.
• The RBI shall be seen as having failed if inflation is more than 6% or less than 2% for three consecutive quarters.
• If the RBI fails, then it will send in writing to the government the reasons for failure, remedial actions and an estimate of the time-period within which the target would be achieved.

Given India's inflation track record, the 4% target in the medium term is ambitious. The wide band of 2% seems appropriate given the large weight of food in CPI (45.9%) and the impact of the monsoon and commodity price shocks.

The government will have to amend the RBI Act to constitute a monetary policy committee, and will strengthen its coordination with the RBI. This will also put pressure on the government to be prudent in its fiscal policies and also make progress on improving the supply side of the economy. The structure of the monetary policy committee which will be decided in the coming months will be important to ensure the RBI's independence.

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.

Rupee Exchange Rate



— Indian rupee versus US dollar, end of period

Source: Reuters

Foreign exchange reserves decrease

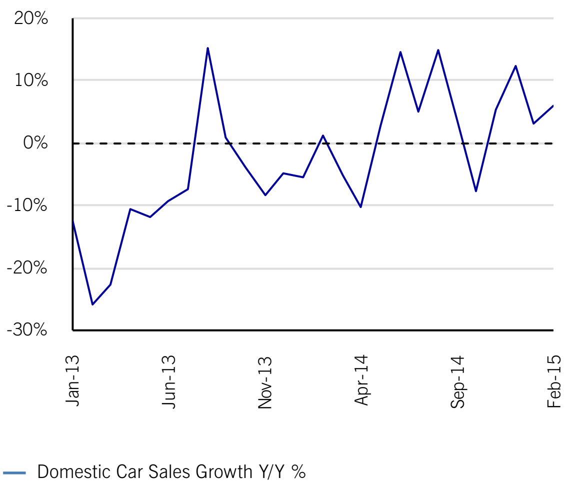
India's foreign exchange reserves fell for the second consecutive week by $2.06 billion to $335.7 billion in the week to March 13 due to strength in the US Dollar. According to the RBI's weekly statistical supplement, foreign currency assets, the biggest component of foreign exchange reserves, declined by $1.97 billion to $310.3 billion while the value of India's gold reserves remained unchanged at $19.8 billion in the week ending March 13. Governor Raghuram Rajan has reiterated that the RBI is prepared to deal with any volatility in Indian markets, due to the US Federal Reserve's policy action on interest rates.

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 $11 billion in Indian capital markets so far in 2015 on hopes of a turnaround in activity.

Car sales pick-up in February

Car sales in India rose by almost 7% on the year in February following a slower rise of 3.1% in January when there was an increase in vehicle prices due to the rollback of excise tax concessions on automobiles. In

Car Sales



Source: Society of Indian Automobile Manufacturers

2014, car sales increased by 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 benefited from a reduction in fuel prices in 2014.

The two cuts in interest rates might help the car industry recover. Consequently, the Society of Indian Automobile Manufacturers (SIAM) is more optimistic about car sales this fiscal year and expects growth to be in positive territory.

Sales of commercial vehicles grew by 10.1% on the year in February, up from growth of 5.3% in January. The first two months of 2015 have seen positive growth in commercial vehicle sales but the pace of growth is slow on a monthly basis with sales of commercial vehicles up by just 0.7% on the month suggesting the investment cycle is yet to pick-up. The industry though remained cautious due to a weakening in rural sales which saw a contraction of 1% in two wheeler sales on the year in February following growth of 1.1% in January. Within two-wheelers, sales of scooters were up by 18.8% on the year, the slowest growth in four months, while sales for motorcycles contracted for the fifth consecutive month by 8.2% on the year.

The budget announced rationalisation of duties, which saw the basic excise rate on smaller vehicles go up from 12.36% to 12.5%. The burden due to this would be marginal and most of the companies indicated that they may absorb this and not pass it on to consumers immediately. In addition, there is an effective excise reduction on larger vehicles by 0.84-0.9% which will lead to a small price benefit which will be passed on to customers.

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 in 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 March, the MNI India Business Sentiment Indicator fell to the lowest in more than a year while production and orders also subsided.

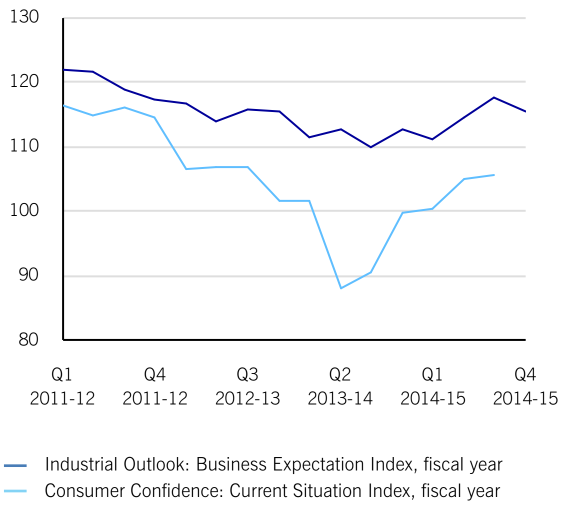
RBI Consumer Confidence improves

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 rising slowly in recent months. In February, the MNI India Consumer Sentiment Indicator rose to a four-month high.

RBI Business and Consumer Sentiment



Source: Reserve Bank of India

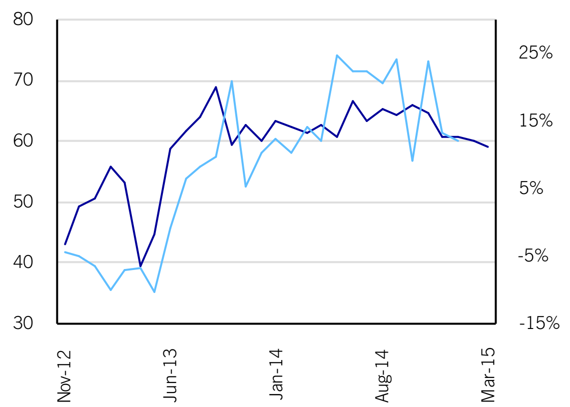
Key Monthly Economic Data

	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15
Wholesale Price Index (Y/Y %)	2.4	1.7	-0.2	-0.5	-0.4	-2.1	-
Industrial Production (Y/Y %)	2.6	-2.7	3.9	3.2	2.6	-	-
Car Sales (Y/Y %)	3.3	-7.5	5.4	12.4	3.2	6.2	-
Trade Balance (Billion US $)	-14.2	-13.4	-16.9	-9.4	-8.3	-6.8	-
MNI India Business Sentiment Indicator	71.2	69.7	68.9	68.4	64.2	66.2	63.0
MNI India Consumer Sentiment Indicator	124.1	123.7	120.9	119.6	120.4	121.2	-

Correlation Charts

Our Indicators Closely Track Official Data

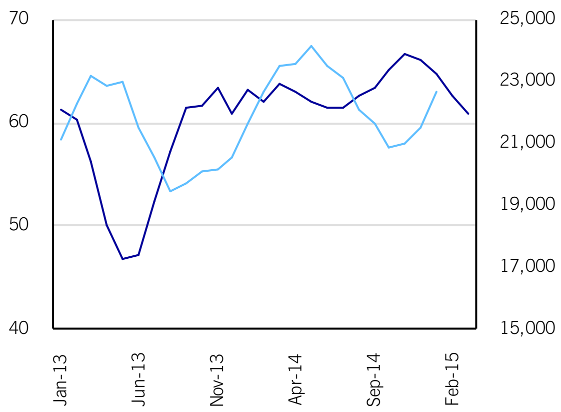
New Orders



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

Source: *Airports Authority of India

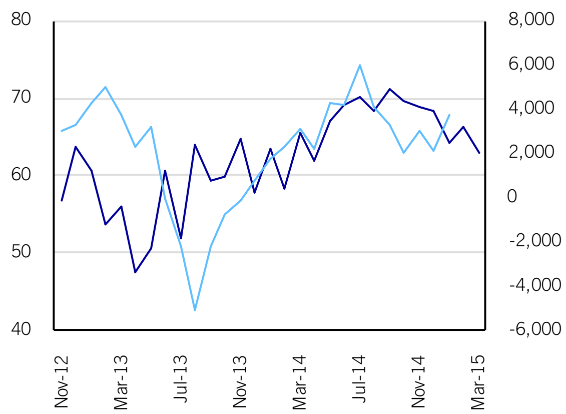
Cement Production



— MNI Production 3MA
— Cement Production 3MA (000s Tons) (RHS)*

Source: *Ministry of Commerce and Industry

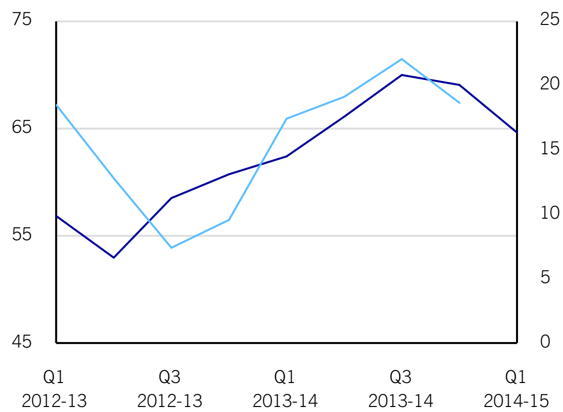
Business Sentiment and Foreign Inflows



— MNI India Business Sentiment
— Foreign Inward Investment 3MA (Million US $) (RHS)*

Source: *Reserve Bank of India

Business Sentiment



— MNI India Business Sentiment
— Assessment of Overall Business Situation (RHS)*

Source: *Reserve Bank of India

Indicators

Sentiment among large Indian companies fell below pre-Modi levels in March, suggesting that the "Modi magic" that had mesmerised them over the past year has come to an end.

MNI India Business Indicator
Plummets to the Lowest in 11 Months

Sentiment among large Indian companies fell below pre-Modi levels in March, suggesting that the "Modi magic" that had mesmerised them over the past year has come to an end.

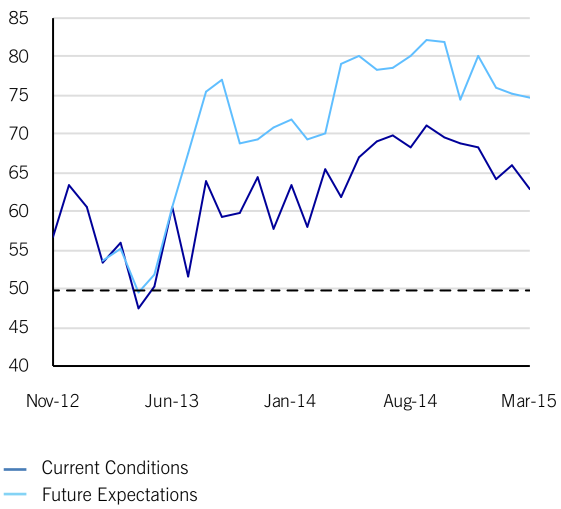
The MNI India Business Sentiment Indicator fell 4.8% to 63.0 in March from 66.2 in February. Business confidence, which was boosted following the election of Prime Minister Modi last year has subsequently eased, placing the indicator at the lowest level since April 2014, the month prior to Modi's election.

Companies were also less optimistic about the next three months with the Expectations Indicator falling to a four-month low of 74.9 in March from 75.3 in February. The decline came in spite of the announcement of the government's first full budget which included some key positives for the economy including measures to boost infrastructure spending, improving the ease of doing business, increasing tax collection and curbing the black market.

All three sectors reported that they were less confident about business conditions in March, particularly construction companies who posted a double digit decline in sentiment, in contrast to being by far the most confident in previous months. While firms in the manufacturing sector, a key focus of the incumbent government, were slightly more optimistic in their outlook, expectations eased among both construction and service sector companies.

Aside from overall business sentiment, key activity metrics including Production, New Orders and Inventories all fell further below their averages for 2014. Moreover, companies destocked at the fastest rate in the survey's history in March, causing the Inventories Indicator to a hit fresh record low, continuing the long-term decline. The weakness of the rupee hurt businesses

MNI India Business Sentiment Indicator



"Whatever business issues are there, they are being addressed aggressively. Better results will come." **Auto parts manufacturing company**

"We have a lot of hope from the new government." **Electrical components and equipment manufacturing company**

"Transportation costs have become less due to reduction in fuel prices, so the business conditions will be better." **Commodity chemicals manufacturing company**

"Generally, the first quarter is low for business." **Diversified Industrials manufacturing company**

"Budget was good and market will pick-up after 31st March." **Speciality finance services company**

MNI India Business Indicator

	Mar-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15
Current Conditions	65.5	69.7	68.9	68.4	64.2	66.2	63.0

in March, as evidenced by the decline of the Effect of the Rupee Exchange Rate Indicator below the 50 mark into contraction. In turn this has given Indian exporters a competitive advantage with the Export Orders Indicator picking up slightly for the first time since August 2014.

Although Input Prices rose from a record low, making business overheads costlier, it was still 19% below the level seen in March 2014 and 15% below the average seen in 2014. With the slower pace of inflation, most companies have kept their prices at a stable level with the Prices Received Indicator falling to the lowest since May 2013 very close to the 50 mark.

In March, 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 12 of the 15 future expectations indicators declining this month.

Sectors - Overall Business Conditions

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

"Business is going down, we closed one plant's manufacturing activity." **Iron and steel manufacturing company**

"Cost of production is higher than sales." **Food products manufacturing company**

"Not enough funds are available." **Iron and steel manufacturing company**

"Due to low orders, overall business conditions are not good." **Furnishings manufacturing company**

"Government is not taking any steps to support the industry." **Food products manufacturing company**

"Demand is not picking, plus there are no investments or liquidity in the market." **Diversified Industrials manufacturing company**

"We expect more orders due to change in season." **Biotechnology manufacturing company**

"Demand is expected to pickup." **Commodity chemicals manufacturing company**

MNI India Business Indicator

	Mar-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15
Future Expectations	70.1	82.0	74.6	80.2	76.1	75.3	74.9

Orders
Export Orders Fail to Boost Overall Orders

Although companies received a greater number of orders from abroad, a further cooling in domestic demand observed since the conclusion of the major Indian festivals meant that the growth in overall orders slowed further still.

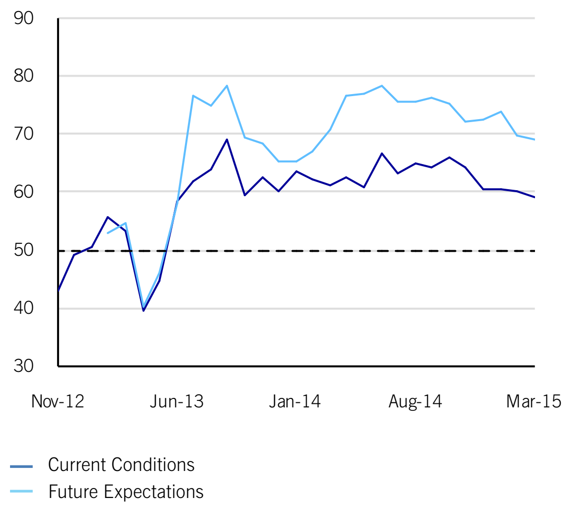
Overseas demand for Indian goods and services improved slightly amid a slight depreciation in the rupee on the month with the Export Orders Indicator rising to 57.3 in March from 56.5 in February.

However, the relative strength of the rupee over the last six months and ongoing weakness in European economies, which are a pivotal market for Indian exports, has had a detrimental impact on exports in recent months which meant that the Export Orders Indicator was down by 15% on the year in March in spite of the improvement on the month. Even so, our panel were more optimistic in their outlook for overseas demand in the coming three months, with the Expectations Indicator rising to 68.2 in March from 64.6 in February.

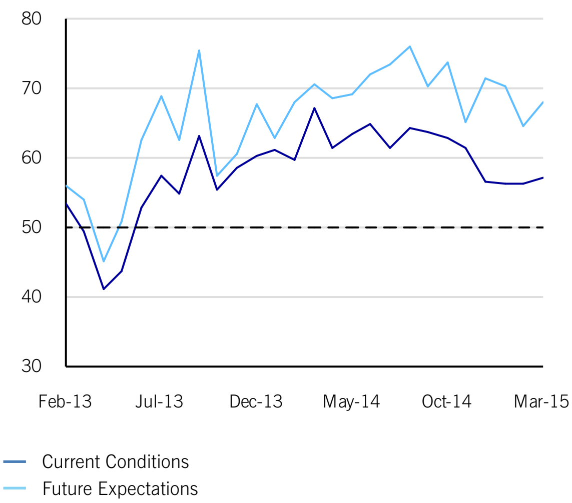
The improvement in orders from abroad was not sufficient to lift overall orders, meaning that domestic demand continued to wane in March. The New Orders Indicator declined for the fifth consecutive month to 59.2 in March from 60.2 in February, the lowest since June 2013.

Companies did not expect much change in demand for their goods and services in the coming three months. The Expectations Indicator for New Orders stood at 69.4 in March compared with 69.9 in February. Companies within both the construction and service sectors were less optimistic about their future orders, in contrast with manufacturing companies.

New Orders



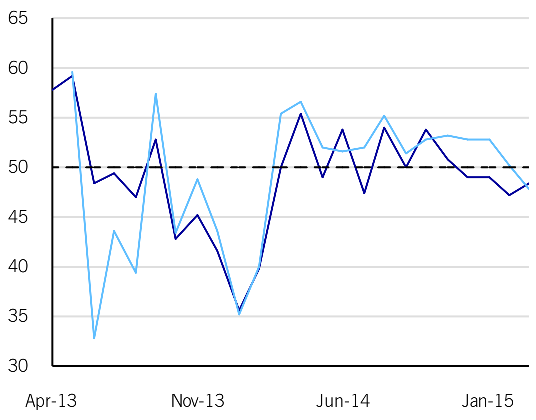
Export Orders



Orders - Current Conditions

	Mar-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15
New Orders	61.5	66.2	64.6	60.8	60.7	60.2	59.2
Export Orders	67.4	63.0	61.6	56.8	56.5	56.5	57.3
Order Backlogs	50.0	53.8	50.8	49.0	49.0	47.3	48.5

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 no new business this month." **Software services company**

"There are no new orders as market demand is very weak." **Real estate services company**

"The international market is improving so we are getting more orders." **Commodity chemicals manufacturing company**

"This is not a favourable season for our business." **Furnishings manufacturing company**

"We are working on completion of our order backlogs." **Electrical components and equipment manufacturing company**

With fewer incoming orders, the Order Backlogs Indicator rose slightly to 48.5 in March from a one-year low of 47.3 in February, remaining below 50 showing that a higher proportion of companies had fewer backlogs. Manufacturing companies were alone in reporting that they had fewer unfulfilled orders in March as both construction and service sector companies moved back into expansion territory. Companies also became less bullish about demand in the coming three months with the Expectations Indicator falling below the breakeven level to 47.8 in March from 50.2 in February, the lowest in more than a year.

Orders - Future Expectations

	Mar-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15
New Orders	70.9	75.3	72.4	72.6	74.1	69.9	69.4
Export Orders	70.6	73.9	65.3	71.6	70.4	64.6	68.2
Order Backlogs	55.4	52.9	53.2	52.8	52.9	50.2	47.8

Output and Employment

Production Lowest Since May 2014

With companies receiving fewer orders in recent months, they continued to scale back production and reported a fall in productive capacity amid less optimism for future demand.

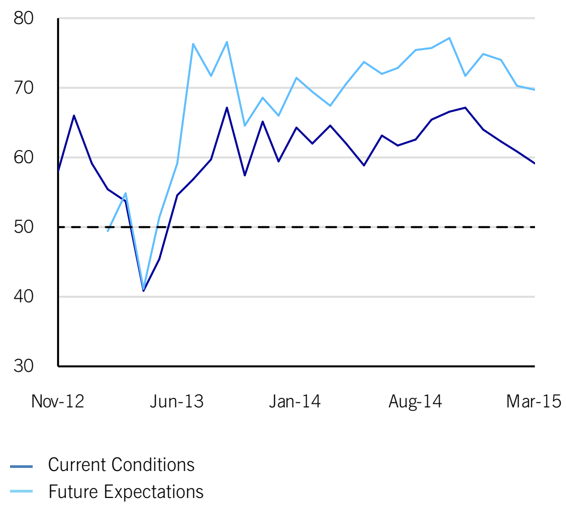
While overall business sentiment picked up last year, there was not a corresponding increase in output which suggests that companies are still under pressure and the government has yet to successfully infuse the “Make in India” spirit among manufacturers. The strength of the rupee may be one obstacle to the country’s ambition of becoming a global manufacturing hub, making imports of goods more economical than domestic production and therefore reducing the attractiveness of manufacturing in India.

The Production Indicator fell for the fourth consecutive month to 59.3 in March from 61.0 in February, the lowest level since May 2014 and 8.5% below the same month a year earlier. A greater proportion of construction and manufacturing firms chose to scale back in March, while business activity among companies in the service sector remained broadly stable.

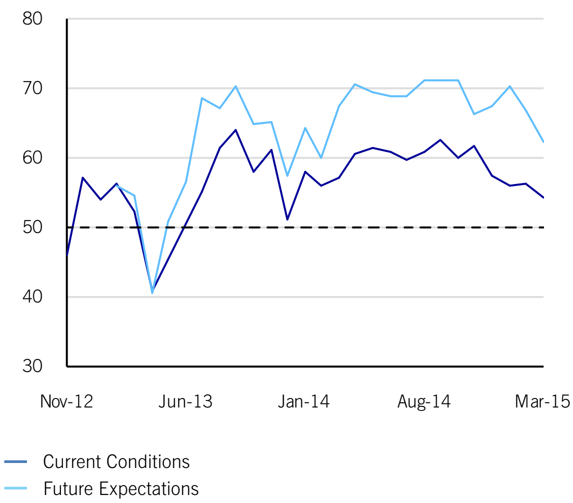
Companies were also a little less optimistic about their future production, continuing a trend which began following the conclusion of the festival season towards the end of 2014. The Expectations Indicator fell slightly to 69.9 in March from 70.3 in February, the lowest since March 2014.

With demand relatively low, companies kept their workforce very close to the optimum level as reflected by the Employment Indicator which stood at 50.4 in March from 50.3 in February.

Production



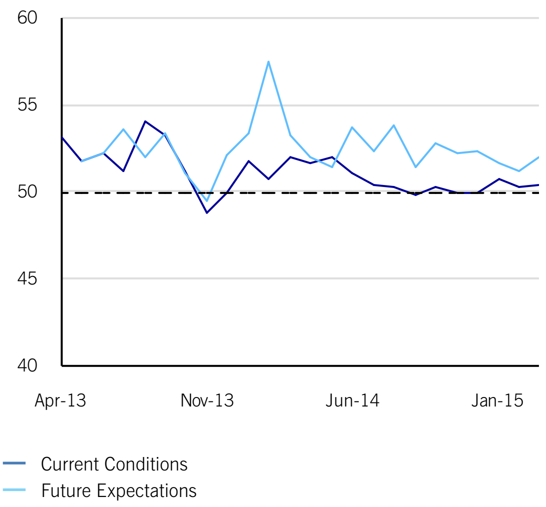
Productive Capacity



Output and Employment - Current Conditions

	Mar-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15
Production	64.8	66.7	67.3	64.2	62.5	61.0	59.3
Productive Capacity	57.4	60.1	61.8	57.7	56.0	56.3	54.4
Employment	52.1	50.3	50.0	50.0	50.8	50.3	50.4

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

"This is an off-season for us." **A hotels group**

"We completely stopped manufacturing this month." **Commodity chemicals manufacturing company**

"Some projects have been cancelled due to a shortage of raw material." **Electrical components and equipment manufacturing company**

"There is no demand in the market so productive capacity will be lower." **Paper manufacturing company**

"We have excess employees." **Diversified industrials manufacturing company**

Companies were slightly more optimistic about employment in the next three months compared with current conditions. The Expectations indicator rose to 52.0 in March from 51.3 in February. Companies' expectations tumbled in the first half of last year before slowing to a more gradual decline.

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 fell to 54.4 in March, the lowest since December 2013, after remaining broadly stable at 56.3 in February. Companies were also less optimistic about their productive capacity in the next three months with the Expectations Indicator declining by almost 7% to 62.4 in March from 67.0 in February.

Output and Employment - Future Expectations

	Mar-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15
Production	67.7	77.3	71.9	75.1	74.1	70.3	69.9
Productive Capacity	67.5	71.4	66.3	67.6	70.4	67.0	62.4
Employment	53.3	52.8	52.3	52.4	51.7	51.3	52.0

Prices

Rupee’s Weakness Raises Input Costs

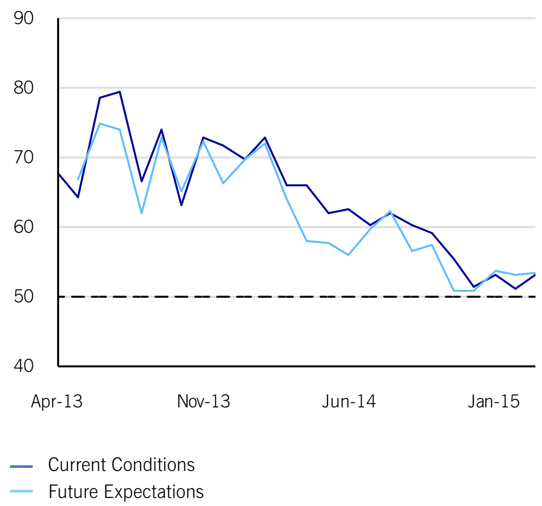
Fewer companies charged more for their goods and services in March even as their overheads began to pick-up again in line with the depreciation of the rupee and a rise in oil prices.

According to our panel, the weakness of the rupee had an adverse impact on business conditions in March following a short-lived recovery in the previous month. The indicator which measures the Effect of the Rupee Exchange Rate fell to 49.2 in March from 50.9 in February.

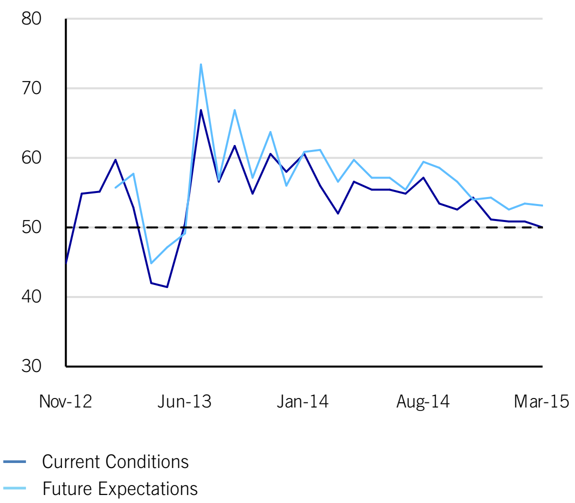
Our panel thought that the exchange rate would be helpful to their operations in the coming three months but were slightly less optimistic than they had been previously due to the volatility in the exchange rate. This was reflected by the fall in the Expectations Indicator to 51.4 in March from 54.1 in February. All three sectors continued to expect that the rupee exchange rate would be beneficial, although companies in the construction and manufacturing sectors were slightly less optimistic than they were in the February.

The depreciation in the rupee and an increase in oil prices contributed to the rise in the Input Prices Indicator to 53.2 in March from a record low of 51.4 in February. Moreover, firms anticipated that prices would rise over the coming three months but the pace of ascent was broadly stable with the Expectations Indicator standing at 53.6 in March compared with 53.4 in February. A greater number of construction and manufacturing companies paid higher prices in March, especially the latter where the indicator rose above the 50 mark, whereas fewer firms in the services sector faced costlier overheads.

Input Prices



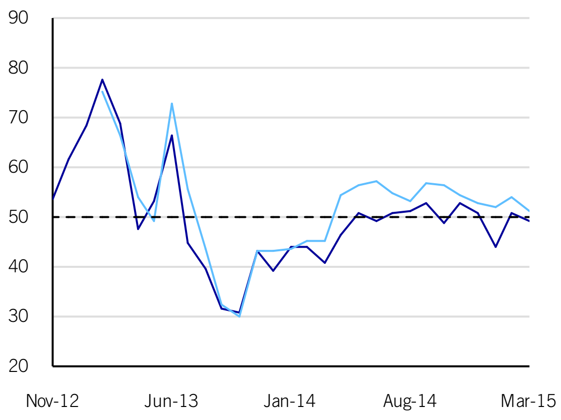
Prices Received



Prices - Current Conditions

	Mar-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15
Input Prices	66.0	59.4	55.6	51.5	53.2	51.4	53.2
Prices Received	52.2	52.6	54.3	51.3	51.1	51.1	50.1
Exchange Rate	40.8	48.8	52.8	50.8	44.3	50.9	49.2

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

"Raw materials' prices are increasing once again." **Pharmaceuticals manufacturing company**

"Due to the reduction in the crude prices, input cost is reducing so the prices of our products are also less." **Commodity chemicals manufacturing company**

"Depreciation in the rupee hurts our business." **Food manufacturing company**

"We received less money for the same exports due to the weakening of the rupee." **Speciality chemicals company**

Intense competition and subdued consumer sentiment has prevented many companies from raising prices, with the majority of them charging the same prices for their goods and services. The Prices Received Indicator fell to 50.1 in March from 51.1 in February, the lowest since May 2013. Only construction firms charged higher prices in March, with the Prices Received Indicator above 50, while it was exactly 50 among both manufacturing and service sector companies.

More companies, albeit a small proportion anticipated that they would charge lower prices in three months' time, while the majority of companies' expectations were broadly the same as they were in the previous month. The Future Expectations indicator fell to 53.2 from 53.6 in February.

Prices - Future Expectations

	Mar-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15
Input Prices	64.0	57.6	50.9	51.1	53.7	53.4	53.6
Prices Received	56.6	56.6	54.1	54.4	52.8	53.6	53.2
Exchange Rate	45.5	56.5	54.7	52.8	52.2	54.1	51.4

Money and Credit

Financial Position Worst Since December 2013

The initiation of an easing cycle by the Reserve Bank of India hasn't been able to provide relief to companies in terms of their financial position which deteriorated further still in March.

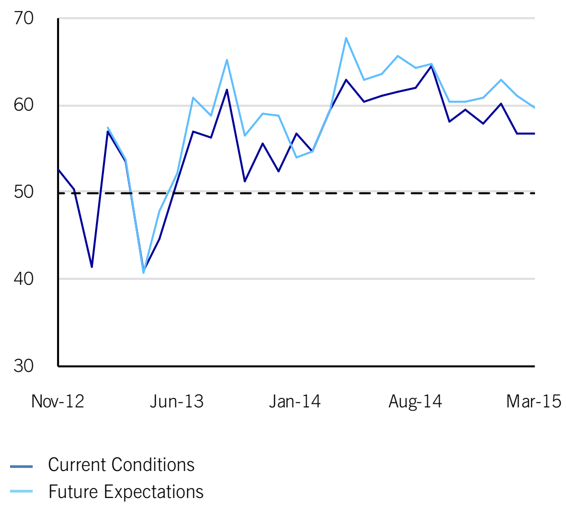
The Reserve Bank of India cut the key policy rate by a further 25 basis points to 7.5% on March 4 following a cut of the same magnitude in January. While the rate cut in January helped boost overall business sentiment in February, the latest March cut which came at the start of our survey period hasn't yet been passed on and we expect to see its impact in our subsequent surveys.

Indeed, companies continued to report that their credit costs were falling in March although the majority of our panel said they had not changed compared with the previous month. The Interest Rates Paid Indicator was broadly stable at 45.9 in March compared with 45.8 in February and was substantially below the outturn of 57.6 recorded in March 2014.

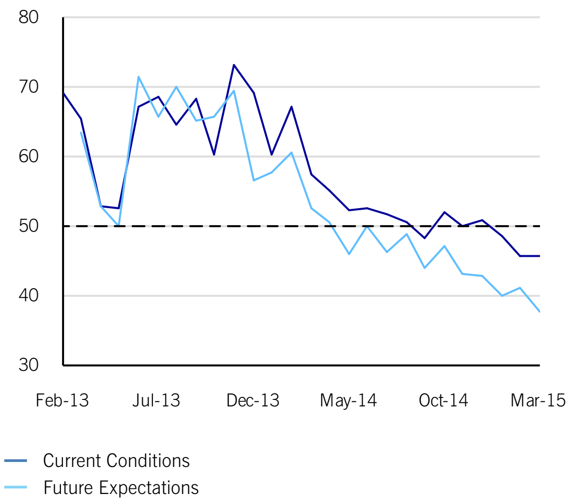
Meanwhile, a greater number of companies anticipated that more banks would pass on the benefit of rate cuts in the coming three months, causing the Expectations Indicator to fall to a series low of 37.7 in March from 41.4 in February. Both our business and consumer surveys point to disinflationary forces and lower inflation expectations compared with a year ago. Therefore, we believe there is some room for the RBI to cut interest rates further in the short-term although it will be cautious in easing too much given its tough medium term target of 4%.

Credit availability remained broadly stable according to the majority of our panel with the indicator at 56.8 in March compared with 56.9 in February. In general, a

Availability of Credit



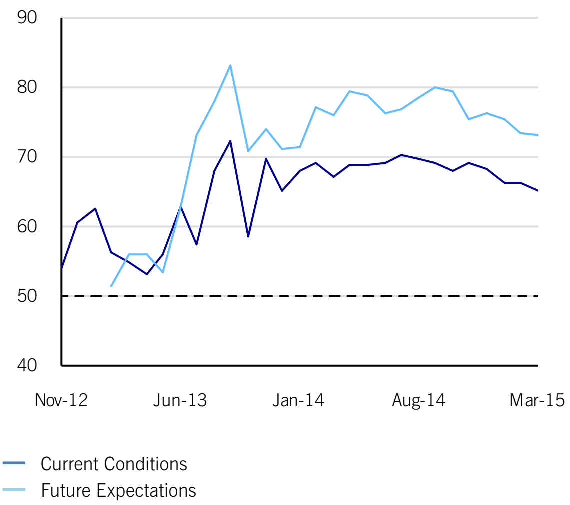
Interest Rates Paid



Money and Credit - Current Conditions

	Mar-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15
Availability of Credit	59.6	58.3	59.5	58.1	60.3	56.9	56.8
Interest Rates Paid	57.6	52.0	50.0	51.1	48.6	45.8	45.9
Financial Position	67.2	68.0	69.4	68.3	66.4	66.4	65.4

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

"We are making good earnings, paying loans so banks are open to lend us." **Transportation services company**

"No bank is ready to give credit." **Investment services company**

rise in bad loans has made banks more cautious and thus more reluctant to provide credit.

Consequently, companies were less optimistic in their outlook for credit availability over the coming three months in spite of record low interest rate expectations. The Expectations Indicator fell to 59.8 in March from 61.1 in February, marginally above the outturn of 59.5 seen in March 2014.

Whilst there were hopes that companies would see an improvement in their balance sheets following the election of the pro-business BJP party, instead their financial positions have gradually weakened to a level lower than last year's average of 68.9. In March, fewer companies in our panel reported that their financial position had improved, causing the indicator to fall to 65.4 from 66.4 in February. While more manufacturing firms reported an improvement in their financial condition, fewer companies in the construction and service sectors 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 declined slightly to 73.2 in March from 73.7 in February.

Money and Credit - Future Expectations

	Mar-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15
Availability of Credit	59.5	60.6	60.4	61.0	63.1	61.1	59.8
Interest Rates Paid	52.8	47.3	43.2	43.0	40.2	41.4	37.7
Financial Position	76.1	79.5	75.6	76.5	75.6	73.7	73.2

Logistics

Pace of Destocking Fastest on Record

More companies than ever before ran down their stock levels and expected them to decline further in the next three months as new orders slowed to 21-month low in March.

The Inventories Indicator contracted to a record low of 46.9 in March from a previous low of 47.1 in February. Many companies reported that it was an off-period, during which they would be better off running down existing stocks to meet demand.

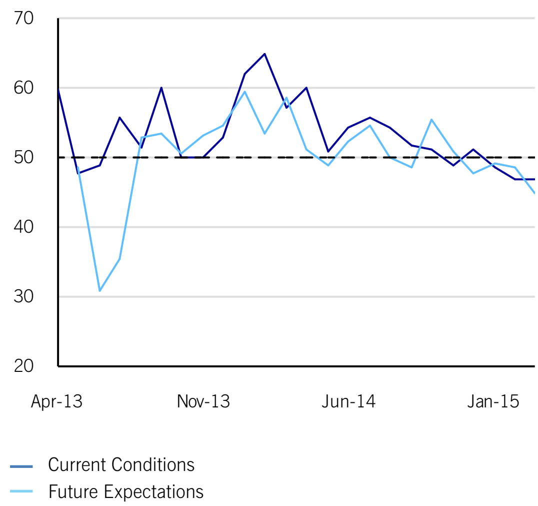
Only construction firms reported that they were building their stock levels in March, with companies in the manufacturing sector continuing to destock for the third consecutive month to the lowest level in the history of the survey.

Companies expected to run down their existing inventories at an even faster pace over the coming months. Expectations for Inventories in three months' time remained in contraction, falling to 45.1 in March from 48.8 in February, the lowest since July 2013.

Construction companies were more optimistic about the future with almost a third of them expecting to build inventories over the coming three months, in contrast with a rising proportion of manufacturing firms who anticipated stocks levels to decline.

In spite of the cooling in demand, suppliers of key inputs took longer to fulfil orders compared with the previous month, with our panel reporting that delivery times had lengthened to 50.8 from 49.8 in February. Even so, last month was the first time in the survey's history that delivery times were in contraction and so the lengthening during March is likely to represent a normalisation.

Inventories



"We are not keeping any stock of finished goods." **Pharmaceuticals manufacturing company**

"Goods are being sold at a higher rate so the inventory is less." **Toys manufacturing company**

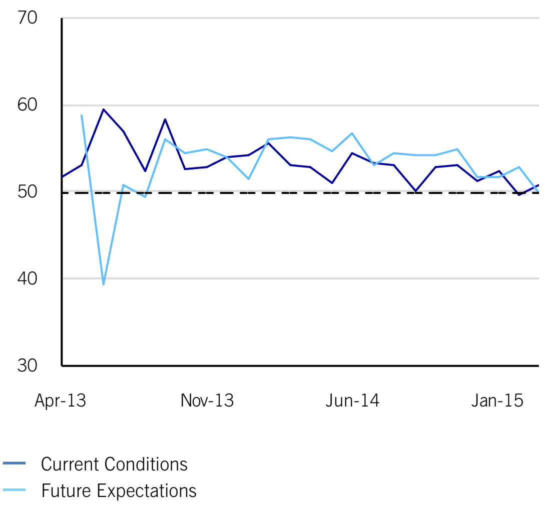
"The deliveries are being stretched and people are not buying." **Automobiles manufacturing company**

"We are particularly aiming to keep inventories at lower level." **Containers and packaging manufacturing company**

Logistics - Current Conditions

	Mar-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15
Inventories	57.2	51.2	48.9	51.3	48.6	47.1	46.9
Supplier Deliveries	53.2	53.0	53.2	51.4	52.5	49.8	50.8

Supplier Delivery Times



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

"Due to the peak season, the requirement is more so the time is higher for delivery." **Speciality chemicals manufacturer**

"Delivery times have lengthened because of late payments by us." **Heavy construction company**

"Due to a payment issue, time taken to deliver is on higher side." **Building materials and fixtures manufacturing company**

Certainly, our panel reported that they expected delivery times to be just right to meet demand in the coming three months. The Expectations Indicator fell to 50.0 in March from 52.9 in February, the level that separates expansion from contraction in delivery times.

Logistics - Future Expectations

	Mar-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15
Inventories	58.8	55.6	50.9	47.9	49.2	48.8	45.1
Supplier Deliveries	56.3	54.3	55.1	51.9	51.8	52.9	50.0

What the Panel Said

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

“Business is going down, we closed one plant's manufacturing activity.” **Iron and steel manufacturing company**

“Cost of production is higher than sales.” **Food products manufacturing company**

“Not enough funds are available.” **Iron and steel manufacturing company**

“Due to low orders, overall business conditions are not good.” **Furnishings manufacturing company**

“Government is not taking any steps to support the industry.” **Food products manufacturing company**

“Demand is not picking, plus there are no investments or liquidity in the market.” **Diversified Industrials manufacturing company**

“We expect more orders due to change in season.” **Biotechnology manufacturing company**

“There was no new business this month.” **Software services company**

“There are no new orders as market demand is very weak.” **Real estate services company**

“The international market is improving so we are getting more orders.” **Commodity chemicals manufacturing company**

“This is not a favourable season for our business.” **Furnishings manufacturing company**

“We are working on completion of our order backlogs.” **Electrical components and equipment manufacturing company**

“This is an off-season for us.” **A hotels group**

“We completely stopped manufacturing this month.” **Commodity chemicals manufacturing company**

“Some projects have been cancelled due to a shortage of raw material.” **Electrical components and equipment manufacturing company**

“There is no demand in the market so productive capacity will be lower.” **Paper manufacturing company**

“We have excess employees.” **Diversified industrials manufacturing company**

“Raw materials’ prices are increasing once again.” **Pharmaceuticals manufacturing company**

“Due to the reduction in the crude prices, input cost is reducing so the prices of our products are also less.” **Commodity chemicals manufacturing company**

“Depreciation in the rupee hurts our business.” **Food manufacturing company**

“We received less money for the same exports due to the weakening of the rupee.” **Speciality chemicals company**

“We are making good earnings, paying loans so banks are open to lend us.” **Transportation services company**

“We are not keeping any stock of finished goods.” **Pharmaceuticals manufacturing company**

“Goods are being sold at a higher rate so the inventory is less.” **Toys manufacturing company**

“The deliveries are being stretched and people are not buying.” **Automobiles manufacturing company**

“We are particularly aiming to keep inventories at lower level.” **Containers and packaging manufacturing company**

“Due to the peak season, the requirement is more so the time is higher for delivery.” **Speciality chemicals manufacturer**

“Delivery times have lengthened because of late payments by us.” **Heavy construction company**

“Due to a payment issue, time taken to deliver is on higher side.” **Building materials and fixtures manufacturing company**

Data tables

Historical Summary

	2014										2015		
	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
MNI India Business Indicator													
Current Conditions	65.5	61.9	67.0	69.2	70.0	68.4	71.2	69.7	68.9	68.4	64.2	66.2	63.0
Future Expectations	70.1	79.1	80.3	78.5	78.6	80.3	82.4	82.0	74.6	80.2	76.1	75.3	74.9
Production													
Current Conditions	64.8	62.0	59.0	63.2	61.8	62.7	65.7	66.7	67.3	64.2	62.5	61.0	59.3
Future Expectations	67.7	70.6	73.9	72.1	72.9	75.5	75.8	77.3	71.9	75.1	74.1	70.3	69.9
New Orders													
Current Conditions	61.5	62.9	60.9	66.7	63.4	65.3	64.3	66.2	64.6	60.8	60.7	60.2	59.2
Future Expectations	70.9	76.9	77.0	78.6	75.7	75.6	76.4	75.3	72.4	72.6	74.1	69.9	69.4
Export Orders													
Current Conditions	67.4	61.7	63.5	65.0	61.7	64.3	63.8	63.0	61.6	56.8	56.5	56.5	57.3
Future Expectations	70.6	68.8	69.4	72.0	73.6	76.1	70.5	73.9	65.3	71.6	70.4	64.6	68.2
Productive Capacity													
Current Conditions	57.4	60.7	61.5	60.9	59.9	60.9	62.8	60.1	61.8	57.7	56.0	56.3	54.4
Future Expectations	67.5	70.7	69.6	68.9	68.9	71.4	71.3	71.4	66.3	67.6	70.4	67.0	62.4
Order Backlogs													
Current Conditions	50.0	55.4	49.0	53.9	47.4	54.0	50.0	53.8	50.8	49.0	49.0	47.3	48.5
Future Expectations	55.4	56.7	52.1	51.7	52.0	55.2	51.5	52.9	53.2	52.8	52.9	50.2	47.8
Employment													
Current Conditions	52.1	51.7	52.1	51.1	50.5	50.3	49.9	50.3	50.0	50.0	50.8	50.3	50.4
Future Expectations	53.3	52.0	51.5	53.8	52.4	53.9	51.5	52.8	52.3	52.4	51.7	51.3	52.0
Inventories													
Current Conditions	57.2	60.0	50.9	54.5	55.9	54.5	51.8	51.2	48.9	51.3	48.6	47.1	46.9
Future Expectations	58.8	51.3	49.0	52.5	54.8	50.0	48.8	55.6	50.9	47.9	49.2	48.8	45.1
Input Prices													
Current Conditions	66.0	66.1	62.2	62.6	60.4	62.2	60.4	59.4	55.6	51.5	53.2	51.4	53.2
Future Expectations	64.0	58.0	57.8	56.2	59.8	62.4	56.7	57.6	50.9	51.1	53.7	53.4	53.6
Prices Received													
Current Conditions	52.2	56.8	55.6	55.6	54.9	57.3	53.6	52.6	54.3	51.3	51.1	51.1	50.1
Future Expectations	56.6	59.8	57.4	57.2	55.5	59.6	58.6	56.6	54.1	54.4	52.8	53.6	53.2
Financial Position													
Current Conditions	67.2	68.9	69.1	69.3	70.3	69.8	69.2	68.0	69.4	68.3	66.4	66.4	65.4
Future Expectations	76.1	79.6	79.0	76.5	76.9	78.8	80.2	79.5	75.6	76.5	75.6	73.7	73.2
Interest Rates Paid													
Current Conditions	57.6	55.3	52.3	52.7	51.8	50.8	48.5	52.0	50.0	51.1	48.6	45.8	45.9
Future Expectations	52.8	50.7	46.1	50.0	46.4	48.9	44.2	47.3	43.2	43.0	40.2	41.4	37.7
Effect of Rupee Exchange Rate													
Current Conditions	40.8	46.4	50.8	49.4	51.1	51.2	53.0	48.8	52.8	50.8	44.3	50.9	49.2
Future Expectations	45.5	54.4	56.4	57.5	55.1	53.3	56.8	56.5	54.7	52.8	52.2	54.1	51.4
Supplier Delivery Times													
Current Conditions	53.2	52.9	51.2	54.5	53.5	53.1	50.2	53.0	53.2	51.4	52.5	49.8	50.8
Future Expectations	56.3	56.2	54.9	56.8	53.3	54.5	54.3	54.3	55.1	51.9	51.8	52.9	50.0
Availability of Credit													
Current Conditions	59.6	63.1	60.4	61.1	61.7	62.1	64.6	58.3	59.5	58.1	60.3	56.9	56.8
Future Expectations	59.5	67.8	63.0	63.7	65.8	64.5	64.8	60.6	60.4	61.0	63.1	61.1	59.8

Historical Records

	2012 - Current			
	Minimum	Maximum	Mean	Median
MNI India Business Indicator				
Current Conditions	47.5	71.2	62.1	63.4
Future Expectations	49.7	82.4	71.3	74.8
Production				
Current Conditions	41.0	67.3	60.3	61.8
Future Expectations	41.3	77.3	68.1	71.1
New Orders				
Current Conditions	39.7	69.1	59.2	60.9
Future Expectations	40.4	78.6	68.6	71.7
Export Orders				
Current Conditions	41.3	67.4	58.2	59.3
Future Expectations	45.2	76.1	65.7	68.2
Productive Capacity				
Current Conditions	41.0	64.0	56.5	57.4
Future Expectations	40.7	71.4	64.3	67.2
Order Backlogs				
Current Conditions	35.6	59.3	49.1	49.0
Future Expectations	32.8	59.6	49.1	51.7
Employment				
Current Conditions	48.9	54.1	51.2	51.0
Future Expectations	49.5	57.5	52.5	52.3
Inventories				
Current Conditions	46.9	64.9	53.5	51.7
Future Expectations	31.0	59.5	50.3	50.9
Input Prices				
Current Conditions	51.4	79.6	64.4	63.9
Future Expectations	50.9	74.9	62.3	62.1
Prices Received				
Current Conditions	41.5	67.1	54.3	54.9
Future Expectations	45.1	73.7	57.0	56.8
Financial Position				
Current Conditions	53.4	72.3	64.8	67.2
Future Expectations	51.6	83.3	72.4	75.6
Interest Rates Paid				
Current Conditions	45.8	73.2	57.8	54.1
Future Expectations	37.7	71.7	53.7	50.7
Effect of Rupee Exchange Rate				
Current Conditions	30.9	77.8	50.2	49.4
Future Expectations	30.1	75.5	52.2	53.7
Supplier Delivery Times				
Current Conditions	49.8	59.6	53.4	53.1
Future Expectations	39.5	59.0	53.4	54.3
Availability of Credit				
Current Conditions	41.1	64.6	55.9	56.9
Future Expectations	40.9	67.8	59.1	60.1

Historical Records - Quarterly

	Q1 14	Q2 14	Q3 14	Q4 14	Q1 15	Quarterly Change	Quarterly % Change
MNI India Business Indicator							
Current Conditions	62.4	66.0	69.9	69.0	64.5	-4.5	-6.5%
Future Expectations	70.5	79.3	80.4	78.9	75.4	-3.5	-4.4%
Production							
Current Conditions	63.7	61.4	63.4	66.1	60.9	-5.2	-7.9%
Future Expectations	69.7	72.2	74.7	74.8	71.4	-3.4	-4.5%
New Orders							
Current Conditions	62.5	63.5	64.3	63.9	60.0	-3.9	-6.1%
Future Expectations	67.9	77.5	75.9	73.4	71.1	-2.3	-3.1%
Export Orders							
Current Conditions	62.9	63.4	63.3	60.5	56.8	-3.7	-6.1%
Future Expectations	67.2	70.1	73.4	70.3	67.7	-2.6	-3.7%
Productive Capacity							
Current Conditions	57.2	61.0	61.2	59.9	55.6	-4.3	-7.2%
Future Expectations	63.9	69.7	70.5	68.4	66.6	-1.8	-2.6%
Order Backlogs							
Current Conditions	41.8	52.8	50.5	51.2	48.3	-2.9	-5.7%
Future Expectations	43.6	53.5	52.9	53.0	50.3	-2.7	-5.1%
Employment							
Current Conditions	51.6	51.6	50.2	50.1	50.5	0.4	0.8%
Future Expectations	54.7	52.4	52.6	52.5	51.7	-0.8	-1.5%
Inventories							
Current Conditions	61.4	55.1	54.1	50.5	47.5	-3.0	-5.9%
Future Expectations	57.3	50.9	51.2	51.5	47.7	-3.8	-7.4%
Input Prices							
Current Conditions	69.6	63.6	61.0	55.5	52.6	-2.9	-5.2%
Future Expectations	68.6	57.3	59.6	53.2	53.6	0.4	0.8%
Prices Received							
Current Conditions	56.3	56.0	55.3	52.7	50.8	-1.9	-3.6%
Future Expectations	59.6	58.1	57.9	55.0	53.2	-1.8	-3.3%
Financial Position							
Current Conditions	68.2	69.1	69.8	68.6	66.1	-2.5	-3.6%
Future Expectations	74.9	78.4	78.6	77.2	74.2	-3.0	-3.9%
Interest Rates Paid							
Current Conditions	61.8	53.4	50.4	51.0	46.8	-4.2	-8.2%
Future Expectations	57.1	48.9	46.5	44.5	39.8	-4.7	-10.6%
Effect of Rupee Exchange Rate							
Current Conditions	43.1	48.9	51.8	50.8	48.1	-2.7	-5.3%
Future Expectations	44.8	56.1	55.1	54.7	52.6	-2.1	-3.8%
Supplier Delivery Times							
Current Conditions	54.4	52.9	52.3	52.5	51.0	-1.5	-2.9%
Future Expectations	54.7	56.0	54.0	53.8	51.6	-2.2	-4.1%
Availability of Credit							
Current Conditions	57.1	61.5	62.8	58.6	58.0	-0.6	-1.0%
Future Expectations	56.1	64.8	65.0	60.7	61.3	0.6	1.0%

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