mni DEUTSCHE BÖRSE GROUP

MNI India Business Report

March 2016

Insight and data for better decisions

MNI India Business Report
Methodology

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

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

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

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

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

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

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MNI India Business Report - March 2016
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Executive Summary

The MNI India Business Sentiment Indicator, a gauge of current sentiment among BSE-listed companies, fell to 62.7 in March from 63.5 in February.

Indian business sentiment fell for the first time in three months in March as companies faced lower demand amid rising input prices on the back of the weak rupee.

The MNI India Business Sentiment Indicator, a gauge of current sentiment among BSE-listed companies, fell to 62.7 in March from 63.5 in February. The decline in sentiment was led solely by manufacturing firms, offsetting last month's rise in confidence. In contrast, sentiment among construction companies rose significantly and service sector companies were also more optimistic about overall business conditions.

In spite of March's decline, confidence picked up a little over the first quarter of 2016 as a whole. After gradually declining throughout last year, the MNI India Business Sentiment Indicator averaged 62.7 in the three months to March, up slightly from 61.3 in the December quarter.

In contrast with last month, fewer companies reported an increase in both new orders and export orders, and they were also less bullish on future demand. Nevertheless, companies expanded production and the expectations measure for new orders remained elevated at 68.2.

Firms faced higher prices for their inputs, with the Input Prices Indicator increasing 5.7% on the month to the highest since July 2015. Consequently, companies raised the prices they charged and expected them to increase further in the coming three months in anticipation of higher prices for raw materials.

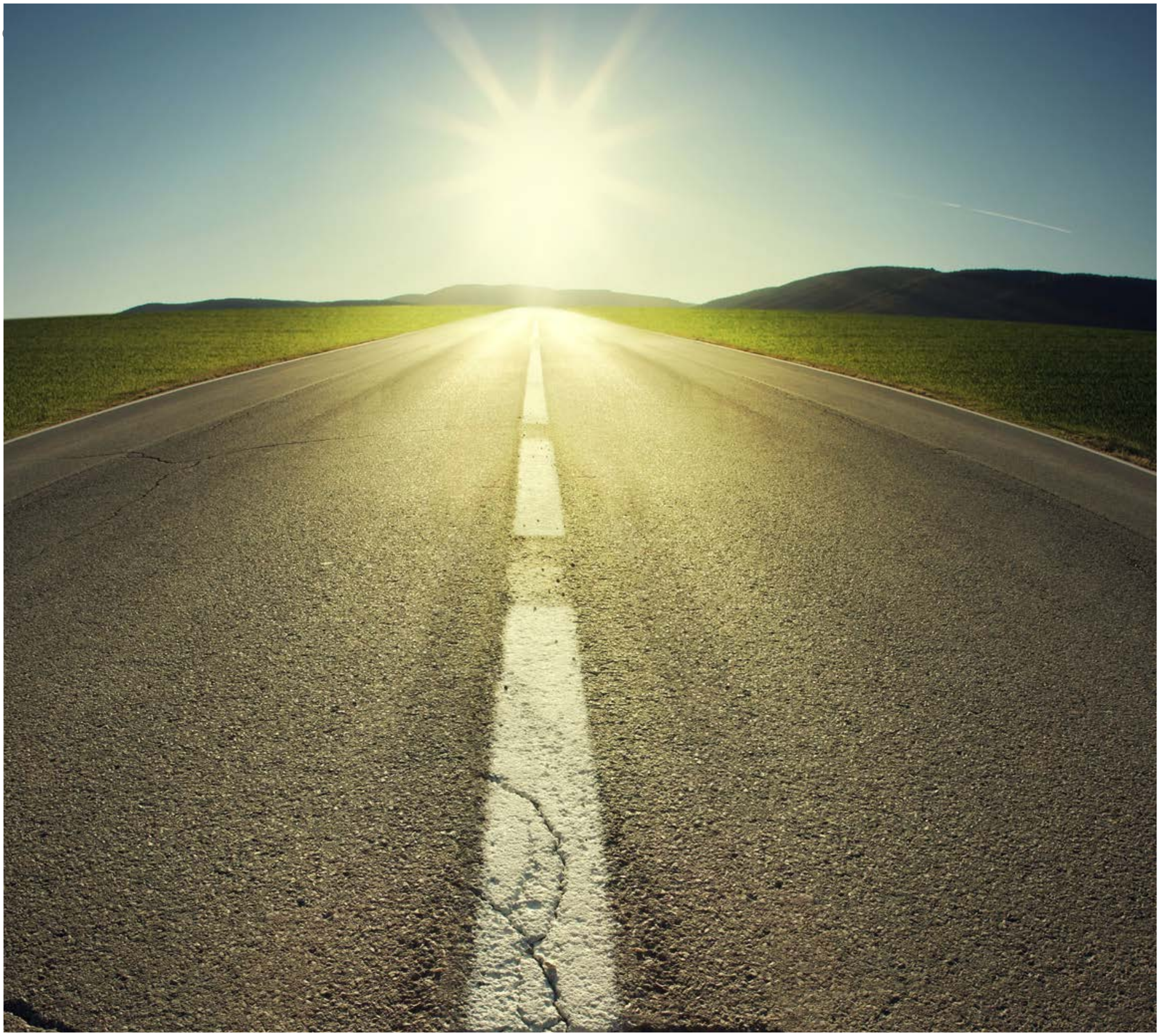
Another factor that added to companies' outlays was the depreciation of the rupee. Companies lamented that the weakness in the rupee made their imports more expensive. The indicator measuring the Effect of the Rupee Exchange Rate fell further into contraction to 46.3 from 48.4 in February, the lowest since June 2015.

Overview

	Jan-16	Feb-16	Mar-16	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
MNI India Business Indicator								
Current Conditions	61.8	63.5	62.7	-	Jan-16	62.7	-0.8	-1.3%
Future Expectations	71.6	73.8	71.9	-	Jan-16	72.4	-1.9	-2.6%
Production								
Current Conditions	54.9	57.9	59.1	Oct-15	-	57.3	1.2	2.1%
Future Expectations	64.8	67.2	67.8	Aug-15	-	66.6	0.6	0.9%
New Orders								
Current Conditions	58.2	60.7	58.4	-	Jan-16	59.1	-2.3	-3.8%
Future Expectations	66.2	69.3	68.2	-	Jan-16	67.9	-1.1	-1.6%
Export Orders								
Current Conditions	54.6	56.9	55.5	-	Jan-16	55.7	-1.4	-2.5%
Future Expectations	65.2	65.5	65.2	-	Dec-15	65.3	-0.3	-0.5%
Productive Capacity								
Current Conditions	55.3	56.1	56.6	Nov-15	-	56.0	0.5	0.9%
Future Expectations	62.1	63.3	63.6	Dec-15	-	63.0	0.3	0.5%
Order Backlogs								
Current Conditions	47.6	47.7	47.2	-	Nov-15	47.5	-0.5	-1.0%
Future Expectations	49.5	47.4	47.8	Jan-16	-	48.2	0.4	0.8%
Employment								
Current Conditions	50.6	51.5	50.5	-	Oct-15	50.9	-1.0	-1.9%
Future Expectations	53.1	54.0	52.0	-	Sep-15	53.0	-2.0	-3.7%
Inventories								
Current Conditions	49.3	51.1	51.1	Feb-16	-	50.5	0.0	0.0%
Future Expectations	50.7	48.7	49.8	Jan-16	-	49.7	1.1	2.3%
Input Prices								
Current Conditions	53.3	53.0	56.0	Jul-15	-	54.1	3.0	5.7%
Future Expectations	52.6	54.7	55.4	Sep-15	-	54.2	0.7	1.3%
Prices Received								
Current Conditions	49.4	50.7	52.0	Apr-15	-	50.7	1.3	2.6%
Future Expectations	51.6	51.8	53.9	Jun-15	-	52.4	2.1	4.1%
Financial Position								
Current Conditions	62.9	65.1	63.3	-	Jan-16	63.8	-1.8	-2.8%
Future Expectations	71.3	72.3	70.1	-	Nov-15	71.2	-2.2	-3.0%
Interest Rates Paid								
Current Conditions	41.5	46.5	46.4	-	Jan-16	44.8	-0.1	-0.2%
Future Expectations	41.9	43.8	46.3	Oct-14	-	44.0	2.5	5.7%
Effect of Rupee Exchange Rate								
Current Conditions	49.2	48.4	46.3	-	Jun-15	48.0	-2.1	-4.3%
Future Expectations	49.7	49.6	49.4	-	Jun-15	49.6	-0.2	-0.4%
Supplier Delivery Times								
Current Conditions	50.0	50.4	51.5	Jan-15	-	50.6	1.1	2.2%
Future Expectations	49.3	49.6	49.8	Dec-15	-	49.6	0.2	0.4%
Availability of Credit								
Current Conditions	56.3	60.6	55.7	-	Feb-14	57.5	-4.9	-8.1%
Future Expectations	58.1	59.0	57.4	-	Jun-15	58.2	-1.6	-2.7%

The continued contraction in industrial output poses concerns...

....particularly with the one-off factors that impacted production in November and December 2015 dissipating.



Economic Landscape

The continued contraction in industrial output for the third consecutive month poses concerns, particularly with the one-off factors that impacted production in November and December 2015 dissipating.

The latest monthly economic data for India has been mixed. The continued contraction in industrial output for the third consecutive month poses concerns, particularly with the one-off factors that impacted production in November and December 2015 dissipating. Demand for domestic goods from abroad also failed to show any improvement on account of weak demand in major markets including the Eurozone and China. However, the pace of contraction was the smallest in 14 months, at least showing signs of stabilisation. Consumer price inflation fell to 5.2% in February, the lowest since October 2015. The moderation in retail inflation came after an expansionary period of six months, primarily led by food inflation.

With continued contraction in industrial production and softer CPI inflation, it now looks likely that the RBI will cut interest rates 25 basis points at the April meeting.

Government sticks to the path of fiscal consolidation

In the latest budget, the government remained committed to the previously announced fiscal deficit target of 3.5% of GDP to be achieved in 2016-17 and was confident of achieving the fiscal deficit target of 3.9% of GDP for the current year. This is laudable as the government provided enhanced allocations in the key areas such as infrastructure, social sector schemes and the recapitalisation of banks, on the back of constraints imposed by the higher outgoings on pay and pensions following the recommendations of the Seventh Central Pay Commission and the One Rank One Pension scheme for the defence services.

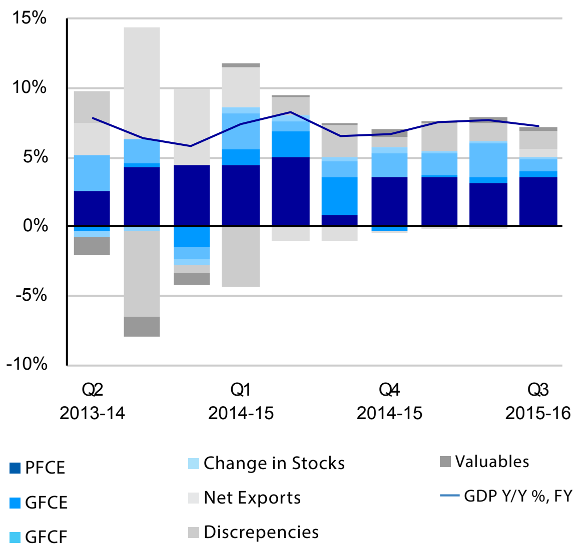
To create fiscal space, the government resorted to various measures, including raising the surcharge on personal income tax on those with incomes in excess of Rs. 10 million and the imposition of an additional tax (10%) on recipients with a gross amount of dividend in excess of Rs. 1 million per year. Moreover, some new cesses have been introduced, such as the Krishi Kalyan cess and infrastructure cess, while existing rates have also been increased. Specifically, disinvestment and strategic sales expected outturn is 0.2% of GDP in FY16 and is budgeted to rise to 0.4% of GDP in FY17, which is identical to the 0.4% of GDP planned consolidation.

There has been an emphasis on increasing allocation towards the agriculture, rural and social sectors as well as infrastructure sectors like roads and railways. The focus on the agriculture and rural sector, especially irrigation, as well as on affordable housing, is likely to have some beneficial impact in terms of reviving demand. Additionally, the step up in NREGA allocation (to Rs. 385.0 billion in 2016-17 from Rs. 357.5 billion in 2015-16) would support farmers in the event of weather-related and other disruptions in rural areas.

Other reform measures proposed include improving the transportation sector, the setting up of a specialised resolution mechanism to deal with bankruptcy situations in the financial sector and expanding the coverage of Direct Transfer Benefits to products like fertilisers. Improving the targeting of beneficiaries for various subsidies and schemes through the planned greater use of Aaadhar is also expected to result in fiscal savings over the medium term.

However, the limited progress on the intention stated in the Union Budget for 2015-16 to reduce the corporate tax rates is a disappointment. Although the Government's commitment to the PSU Banks was reiterated in the Budget Speech, the Budget has restricted the allocation for Bank recapitalisation at Rs.

Contribution to GDP Growth



Source: Central Statistics Office

250.0 billion that was announced in the Indradhanush, despite the stress in the balance sheets of public sector banks. In addition, there remains a lack of any major incremental measures in terms of governance and management reforms for these banks.

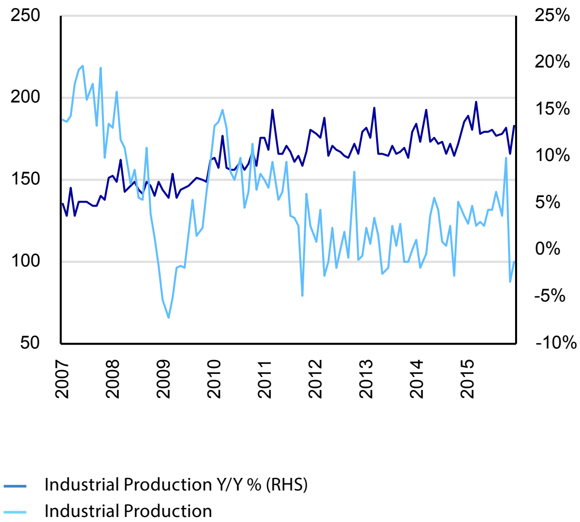
Growth in GDP eases in Q3

Latest GDP data showed that India's economy grew by 7.3% on the year in the October-December quarter, down from 7.7% in the previous quarter (revised up from 7.4% previously), although higher than the 6.6% growth recorded in the October-December quarter last year.

Growth of GVA at basic prices eased to 7.1% on the year in Q3FY16 from 7.5% in Q2 (revised up from 7.4%), although this was up from 6.7% in Q3FY15. The slowdown in GVA growth was primarily led by agricultural production which has suffered due to two consecutive monsoon failures. The contribution of agriculture turned negative for the first time in three quarters. However, growth of the services sector remained steady at 9.4% with financial, real estate and professional services growing at 9.9% and public administration, defence and other services rising by 7.5% versus 7.1% in the previous quarter. Industrial growth rose to a robust 9% in Q3FY16 from the revised 6.4% in Q2FY16, led by double-digit growth in manufacturing. Manufacturing growth rose to a seven-quarter high of 12.6% in Q3FY16 from 9% in Q2FY16, contradicting the trend of the Index of Industrial Production for October-November 2015, which averaged just 3.1% growth in that quarter. Moreover, construction growth improved to 4% in Q3FY16 from a low 1.2% in Q2FY16, in line with the five-quarter high growth of cement output and rise in execution of road sector projects.

On an expenditure basis, GDP growth in the October-December quarter was led by a 6.4% year-on-year increase in private final consumption expenditure (PFCE). Growth of PFCE has improved from 5.6% in Q2, supported by the decline in fuel prices and sub-5% urban CPI inflation. Personal consumption added 3.6 percentage points to growth, having contributed 3.1 percentage points in the previous quarter and 0.9 percentage point in the same quarter a year ago. Despite the robust expansion in the Union Government's

Industrial Production



Source: Central Statistics Office

capital expenditure, the growth of GFCF eased to 2.8% from 7.6% in Q2, highlighting the muted trend in private sector investments. It contributed 0.9 percentage point, down from 2.4 percentage points in the previous quarter and 1.2 percentage points in the same quarter a year ago. Net exports which had been a drag on growth for the previous two quarters, contributed positively. Although the pace of contraction of imports and exports accelerated, the fall in imports outweighed the decline in exports in Q3 (-10.8% and -9.4%, respectively) compared with the previous quarter (-3.4% and -4.3%, respectively).

GDP and GVA growth for the first two quarters of this fiscal have been revised upwards. GDP growth for Q1FY16 (to 7.6% from 7%) and Q2FY16 (to 7.7% from 7.4%) has undergone considerable revisions, whereas the extent of uptick in GVA growth has been relatively modest for both Q1FY16 (to 7.2% from 7.1%) and Q2FY16 (to 7.5% from 7.4%). The revisions appear dubious because they are largely driven by large increases to net indirect taxes growth, rather than to gross-value added (GVA), which appears more reliable and was only marked up by 10 bps for each quarter.

Going forward, we expect urban demand to stay upbeat, however rural demand is likely to remain sluggish due to the unfavourable trends for the rabi (winter) crop. Weak global growth and a strong rupee on an REER basis would continue to curtail exports. Government spending will play a critical role in terms of infrastructure investment and easing rules for foreign direct investment.

Output contracts for the third month in a row

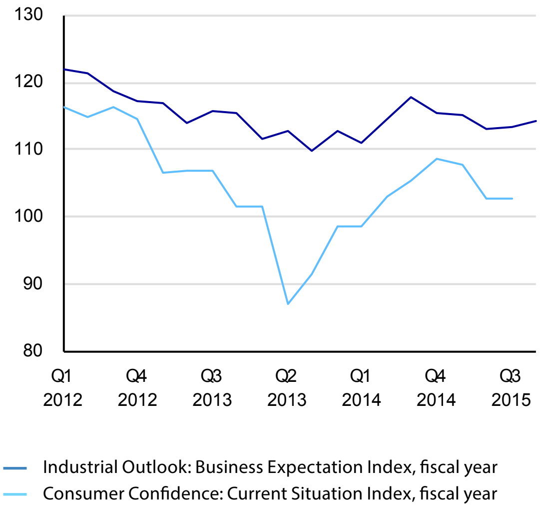
Industrial production contracted 1.5% on the year in January following a contraction of 1.2% in the previous month (revised up from -1.3% previously). This was the third month of contraction, following floods in South India which impacted production in December as well as a lower number of working days on account of Diwali in November. Part of the decline was due to a large base effect, with production rising slightly in month-on-month terms.

The easing in the pace of contraction was broad-based. The manufacturing sector, which forms three quarters of industrial production, contracted 2.8% on the year compared with a 2.2% fall in the previous month (revised up from -2.4%). Electricity production grew by 6.6% on the year while mining grew by 1.2% on the year, the weakest growth rate in seven months.

According to use-based classification, basic goods production grew 1.8% on the year in January from 0.5% growth in December, while production of consumer goods did not grow at all when compared with the previous year, although was up 1.2% from last month. Output of consumer durables continued to grow while non-durables contracted. On the investment side, capital goods production contracted 20.4% on the year in January from 19.1% in December (revised marginally up from -19.7%), tempering the momentum seen last year, which saw an average growth of 3.8%, the highest since 2010. On a three month on three month basis, production contracted for the fourth consecutive month.

The production data averaged 1.7% in Q3, significantly lower than the 4.8% growth recorded in the previous quarter and also below the 2% growth witnessed in the same period last year. In contrast, the latest GDP figures showed that industry as a whole grew by 9% year-on-year in the quarter ending December, of which the manufacturing sector rose a hefty 12.6%, widening the mismatch between monthly indicators and the quarterly GDP figures.

RBI Business and Consumer Sentiment



Source: Reserve Bank of India

The more frequently updated data for the core sector, which is comprised of eight industries and forms 38% of industrial production, rose 2.9% on the year in January from 0.9% growth in December. During the April-January period of the current fiscal year, infrastructure output has more than halved to 2% from 5.3% growth in the corresponding period last year. This month, production of coal was the front-runner, growing by 9.1% on the year, the fastest growth in 11 months. Steel, crude oil and natural gas production continued to contract.

RBI consumer confidence unchanged in December

The RBI's Consumer Confidence survey showed that the Current Situation Index (CSI), an assessment of consumer sentiment, remained flat in the quarter ending December 2015 at 102.9. This was below the 105.5 value recorded in December 2014.

Current economic conditions compared with one year ago improved following a decline in the previous two quarters. Positive perceptions of future economic conditions also rose to the highest since June 2015.

Respondents were less worried about employment conditions compared with the previous quarter, although they had very mixed views. An equal proportion reported that employment conditions improved as those who thought they remained the same, outnumbering those who thought they had worsened by a small margin. More respondents expected an improvement in the employment situation one year ahead. Sentiment towards current income fell to the lowest level in the survey's history although more respondents expected it to improve in the year ahead.

Respondents' expectations about future economic conditions rose marginally, with the Future Expectations Index, which measures the year-ahead outlook, rising to 120.0 from 119.2 in the previous quarter.

More up-to-date monthly data from the MNI India Consumer Sentiment Survey has shown confidence falling to a record low level among households in 2015. The MNI India Consumer Sentiment Indicator rose slightly at the start of the New Year and eased back to 108.9, just a touch above December's low. Confidence in household finances plummeted to a record low level and respondents had low expectations of a turnaround in the next 12 months. Despite this, consumers showed greater willingness to purchase large household items. Sentiment towards the business environment has remained resoundingly weak with lower optimism for future business conditions.

RBI Industrial outlook rises slightly in March

The RBI's Industrial Outlook Survey showed that the Business Expectation Index (BEI), a gauge of manufacturing business sentiment, rose slightly to 114.2 in the quarter ending March compared with 113.4 in the quarter ending December and was below the outturn of 115.6 recorded in the March quarter a year earlier. Companies expected higher orders and production in the quarter ending March. There was also higher optimism towards the availability of finance and selling prices.

There was a moderate increase in sentiment among manufacturing companies during the October-December quarter, with sentiment rising to 103.6 from 102.4 in the previous quarter. The rise in sentiment for the assessment quarter was mainly led by higher confidence in production, capacity utilisation and availability of finance, coupled with a fall in the cost of raw materials. However, most other parameters such as order books, employment and financial situation remained broadly stable.

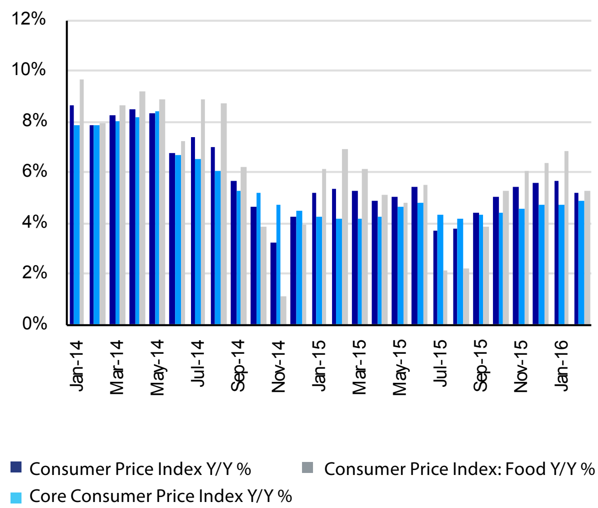
More up-to-date monthly data from the MNI India Business Sentiment Survey shows that business confidence has eased significantly in 2015. In the quarter ending March, the MNI India Business Sentiment Indicator picked up to 62.7 from 61.3, which was the lowest since the quarter ending December 2013. Companies were less optimistic about the next three months though, with the Expectations Indicator falling to 72.4 from 73.9 in the quarter ending December mainly due to cost concerns with firms expecting rupee to turn unfavourable for their business operations and higher input prices.

Retail inflation eases to a four-month low

Consumer price inflation fell to 5.2% in February from 5.7% in January, the lowest since October 2015. The moderation of retail inflation after a gap of six months was led primarily by food inflation.

Food price inflation, which makes up 47.25% of the CPI basket fell to 5.3% on the year in February after rising to an 11-month high of 6.9% in January. High-

Consumer Price Inflation



Source: Central Statistics Office

protein foods (eggs and meat) which surged in February were flat in March. The only exception was sugar which saw its fifth consecutive increase on the back of global prices firming. Vegetable price inflation eased considerably, with the year-on-year measure up 0.7% compared with 6.4% growth in January, and was 7.9% below the previous month's level. Inflation in pulses which has been burning a hole in Indian households' pockets eased to 38.3% in February from 43.3% in January, contracting on the month for the second consecutive month. Fuel inflation eased to 4.6% in February from 5.3% in January. After stripping out the more volatile components (food and beverages and fuel and light), core inflation rose 4.9% from 4.7% in the previous month, the highest October 2014.

Rural CPI inflation eased to 6% in February from 6.5% in January, led by a fall in food inflation to 6% from 6.9% in January. Urban CPI inflation fell to 4.3% in February from 4.8% in the previous month, with food inflation easing to 4.2% from 6.5% in January.

The contraction in industrial production, soft CPI and the government's commitment to fiscal consolidation have significantly bolstered the probability of a rate cut at the April 2016 monetary policy review.

The previously targeted measure of inflation, based on the Wholesale Price Index, contracted for the 16th consecutive month in February, falling an annual 0.9%, unchanged from January. Food inflation eased to 3.4% from 6% on the year in January. Fuel and power prices, were also down on the year, although they registered a smaller decline compared with the previous month as global crude oil prices recovered slightly. Manufacturing pricing power rose slightly for the second consecutive month, although it remains weak overall.

Repo rate unchanged at 6.75% in February

In line with our expectations, the Reserve Bank of India kept the key policy repo rate unchanged at 6.75% at the sixth bi-monthly monetary policy meeting on February 2. However, it clearly hinted that if the government steers towards structural reforms and sticks to its path of fiscal consolidation, it will cut interest rates to support growth. Indeed, the government adhered to its fiscal consolidation path and announced plans for investment in key support sectors like roads, railways, power etc. so now it is wait and watch for the RBI to make good on its promises. In our view, there is scope for one more rate cut in 2016 and this could come before the next monetary policy meeting on April 5. However, the RBI has limited room to ease further given the tough inflation target of 4% over the medium-term.

The RBI was optimistic about the growth prospects of India while noting that other emerging markets were under pressure amid a climate of uncertainty. India is in a sweet spot because of disinflation, a modest current account deficit and consolidation of the fiscal deficit, according to the bank. Under this scenario, the RBI strongly urged the government to stick to its path of fiscal consolidation for sustainable growth and cement faith of investors in the government. The RBI put emphasis on structural reforms for boosting growth. It noted that this was contingent, though, on a pick-up in private investment as the climate for business improves and fiscal policy continues to consolidate.

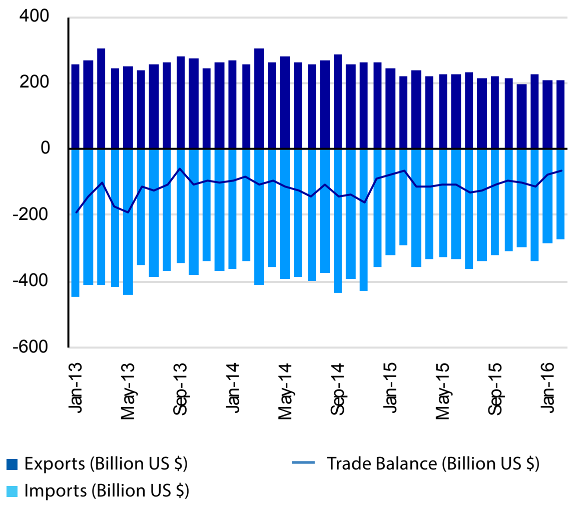
The continued decline in global crude oil prices and slight easing in food prices has also helped CPI inflation to undershoot the RBI's forecast of 5.8%. Going forward, it expects inflation to be around 5% by the end of 2016-17 under the assumption of a normal monsoon after two years of deficient rains and subdued crude oil prices. However, the RBI said that the implementation of the seventh Central Pay Commission (not yet accounted for in their forecast), which will raise salaries of Central government employees and pensioners by almost 25%, and any surprises on commodity prices, will add uncertainty and may lead to adjustments in its forecast. On top of this, a very tight inflation target of 4% in two years' time will limit space for the RBI to cut interest rates generously in comparison with cuts of 125 basis points in total during 2015.

Trade deficit lowest in a year

The trade deficit fell in February to $6.5 billion from $7.6 billion in January and was 3% above the $6.7 billion shortfall recorded in February last year.

Exports contracted 5.7% on the year to $20.7 billion, the 15th consecutive fall but the smallest decline since December 2014. There were signs of stabilisation, captured in the three-month year-on-year measure for

Trade Balance



Source: Ministry of Commerce and Industry

exports, which suggest that the slowdown in exports has eased. Imports were down 5% on the year and were fell 5% below last month's level to $27.3 billion, the lowest since August 2010. Gold and silver imports more than halved to $1.5 billion from $3.2 billion in January. Oil imports also moderated further to $4.8 billion from $5 billion in January. However, with prices firming materially over the last two months, the oil import bill is expected to begin to rise in the following months.

Encouragingly, non-oil, non-gold imports, which reflect domestic demand, rose slightly from the previous month and were up 2.3% on the year. Given the monthly volatility, we will have to assess in the following months whether the downturn in demand is truly a thing of the past.

According to the provisional aggregate monthly data on India's international trade in services released by the RBI, receipts from India's service exports fell to $12.6 billion from $14 billion in December. Payments for India's service imports were also down 4.8% on the month to $6.8 billion in January.

Overall, the implications for domestic demand are mixed, whereas those for exports are consistent with a stabilisation story.

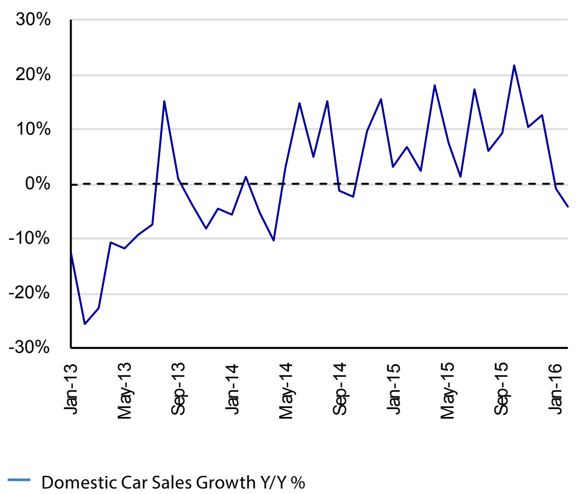
Car sales continue to decline in February

Car sales in India fell 4.2% on the year in February, following a decline of 0.7% in January. On a month-on-month basis as well, sales were down for the fourth consecutive month. Nevertheless over the past year sales have grown by 9.6%, a sizeable improvement from 2.7% growth in 2014 and a fall of 9.9% in 2013.

Sales of commercial vehicles grew by 19.9% on the year in February, up from 17.5% in January, making it the third consecutive double-digit increase. On a three month year-on-year basis, sales have grown by double-digits for the past five consecutive months and have also showed growth on a three month month-on-month basis, suggesting that the pace of growth in the industrial sector may accelerate.

Sales of two-wheelers grew 12.8% on the year in February, although base effects played a large role and sales were flat on a month-on-month basis. Sales of scooters grew by 17.7% on the year and sales of motorcycles were up 11% on the year. With the rural sector stressed from two consecutive droughts and unseasonal rainfalls, demand for two-wheelers plummeted in 2015 but it looks like that the severity of the downfall may have eased. Sales of scooters more than halved in 2015 compared with the previous year

Car Sales



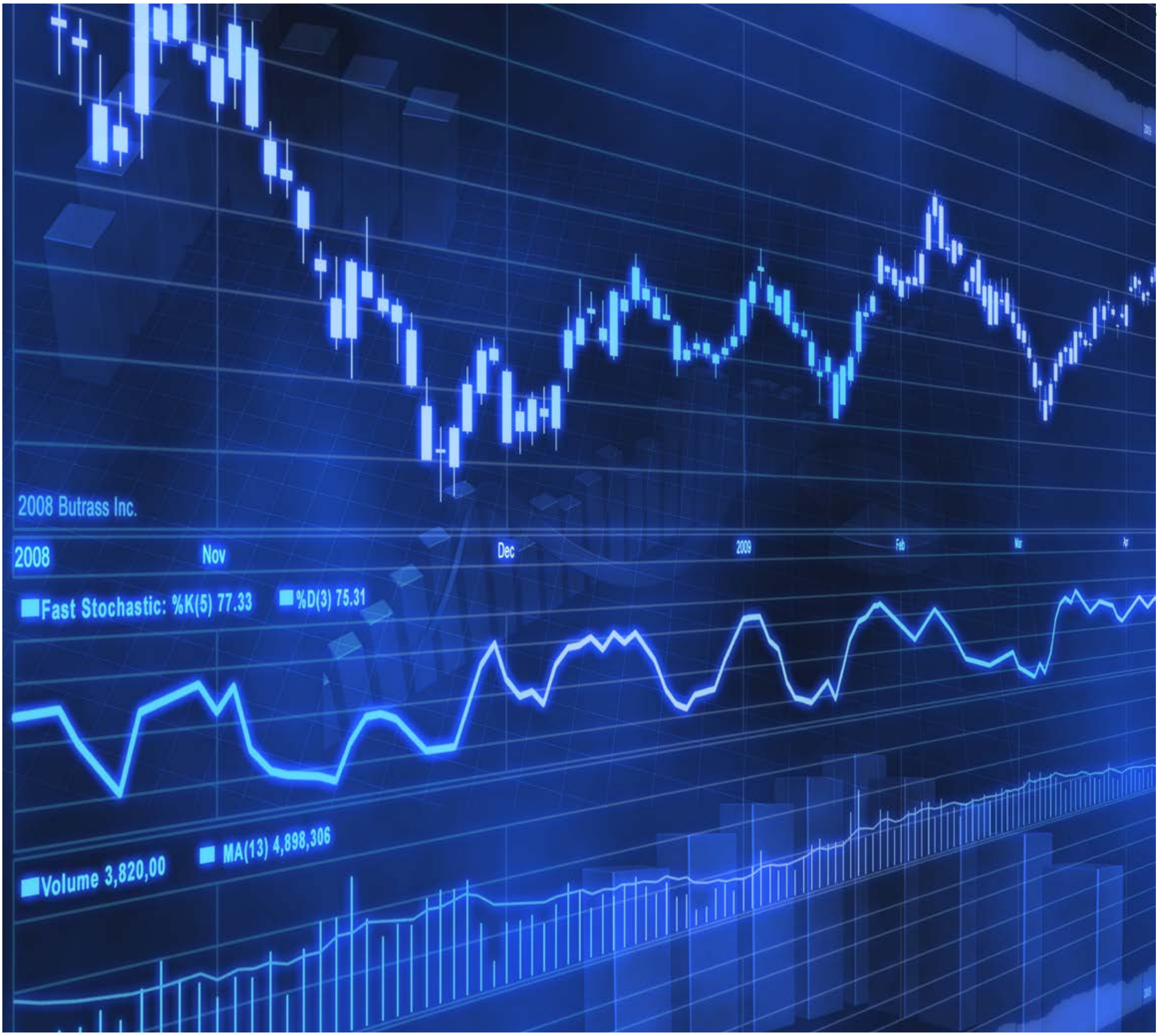
Source: Society of Indian Automobile Manufacturers while those for motorcycles was hit even harder, with demand contracting on a year-on-year basis.

Key Monthly Economic Data

	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16
Consumer Price Index (Y/Y %)	4.4	5.0	5.4	5.6	5.7	5.2	-
Wholesale Price Index (Y/Y %)	-4.6	-3.7	-2.0	-1.1	-0.9	-0.9	-
Industrial Production (Y/Y %)	3.7	9.9	-3.4	-1.2	-1.5	-	-
Car Sales (Y/Y %)	9.5	21.8	10.4	12.9	-0.7	-4.2	-
Trade Balance (Billion US $)	-10.5	-9.6	-10.2	-11.5	-7.6	-6.5	-
Exports (Billion US $)	21.8	21.2	19.5	22.4	21.1	20.7	-
Imports (Billion US $)	32.3	30.9	29.7	33.9	28.7	27.3	-
MNI India Business Sentiment Indicator	61.4	62.3	60.9	60.7	61.8	63.5	62.7
MNI India Consumer Sentiment Indicator	115.3	114.1	113.7	108.5	109.8	108.9	-

The MNI India Business Sentiment Indicator fell to 62.7 in March.

In spite of March's decline, confidence picked up a little over the first quarter of 2016 as a whole.



Indicators

Following two consecutive monthly increases, business sentiment at India's largest companies slipped back slightly in March.

MNI India Business Indicator
Business Sentiment Eases Slightly

Following two consecutive monthly increases, business sentiment at India's largest companies slipped back slightly in March.

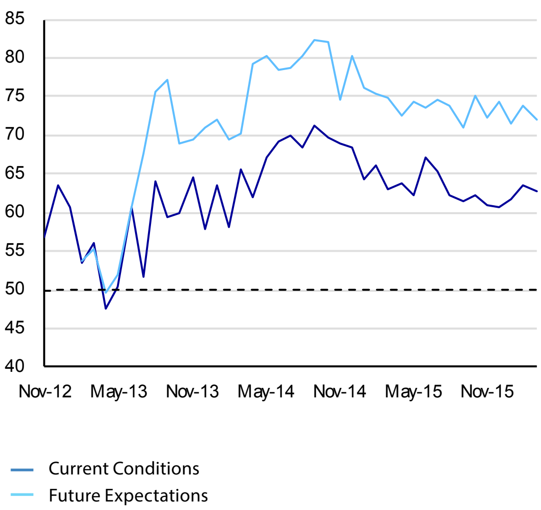
The MNI India Business Sentiment Indicator, a gauge of current sentiment among BSE-listed companies, fell to 62.7 in March from 63.5 in February. Sentiment was down 0.5% compared with the same month a year ago and 0.9% below the average over 2015. Still, more positively, sentiment is up from the recent trough seen in December which had left it at the lowest for more than a year and half.

On average over the past 12 months, service sector companies have grown more firmly than those firms in the manufacturing sector, but only just. March saw service sector growth pick up, while manufacturing activity eased leaving the gap between the two at the highest for nearly a year. Growth at construction companies which had been very similar to manufacturing and services growth picked up sharply in March.

Firms remained upbeat about the next three months, albeit slightly less so than in February, with the Future Expectations Indicator easing to 71.9 in March from 73.8 previously. Expectations are, though, running 4% lower than March 2015 and 2.8% below the average seen in 2015.

The decline in overall business confidence between February and March came against a set of mixed results for other series in the survey. Orders and employment were down, while production increased on the month. We suspect that the decline in sentiment was likely due to the weak rupee and its impact on companies' costs. Firms also reported a sharp decline in credit availability.

MNI India Business Sentiment Indicator



"Overall demand is increasing."

"Third and fourth quarter are good for the company's business."

"We are having good orders in hand."

"Automobile industry is growing."

"Better business conditions because of the increase in the market demand and new policies implemented by the Modi government."

"There will be a boom after the financial year end."

MNI India Business Indicator

	Mar-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16
Current Conditions	63.0	62.3	60.9	60.7	61.8	63.5	62.7

The Effect of the Rupee Exchange Rate Indicator fell to the lowest since June 2015 as an increasing number of firms said that the currency was having a detrimental impact on their business. The rupee hit a record low against the US dollar at the end of February, just ahead of our survey period. While it has subsequently appreciated, firms are still reeling from the lagged impact on costs following a two year down trend.

The impact of the weak rupee can also be seen in the two main price measures in the survey. Both Input Prices and Prices Received picking up further in March.

Sectors - Overall Business Conditions

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

"Company is coming up with a new product."

"Production is expected to increase and also the market may improve."

"We are into seasonal business as the season is nearing hence the conditions are going to improve."

"New business coming in."

"The mode of the market has changed now, hence we are expecting good sales."

MNI India Business Indicator

	Mar-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16
Future Expectations	74.9	75.1	72.2	74.3	71.6	73.8	71.9

Orders
Domestic and Export Order Growth Slows

Following two consecutive monthly increases, which had pushed New Orders to the highest in six months, March saw a decrease. Exporters also came under pressure with the weak rupee unable to offset sluggish global demand.

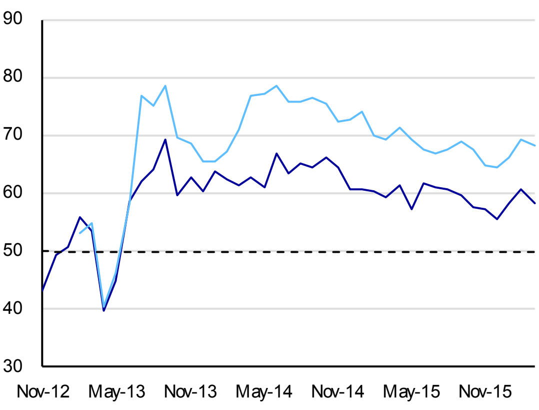
The New Orders Indicator fell to 58.4 in March from 60.7 in February. This left them 1.4% down on the same month a year earlier and running 1.6% below the 2015 average. While orders have picked up since December and have maintained some ground, overall activity remains on the weak side. Expectations for the coming three months eased to 68.2 from 69.3.

Last month we speculated that we may have reached the trough in demand. This may well be the case although March marks somewhat of setback. Like many other indicators in the report though, the evidence does suggest that the long-run trend decline in activity levels has at least been arrested.

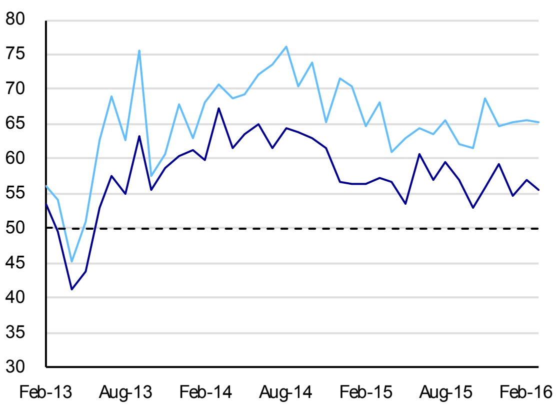
Export orders declined 2.5% on the month to 55.5 in March from 56.9 in February, while the Future Expectations Indicator eased to 65.2 from 65.5. Relative to total New Orders, which include export orders, Export Orders have performed worse over the past year and are now down 3.1% on the year. They're also 2.5% below the 2015 average. Over the past year, the rupee has depreciated by around 7%, and was down even further at one point after hitting a record low in late February. Exporters, though, faced with weakness in the global economy have seemingly been unable to take advantage.

Weak orders over the past year have meant that pressure on companies' order books has been limited. Order Backlogs fell to 47.2 in March from 47.7 in

New Orders



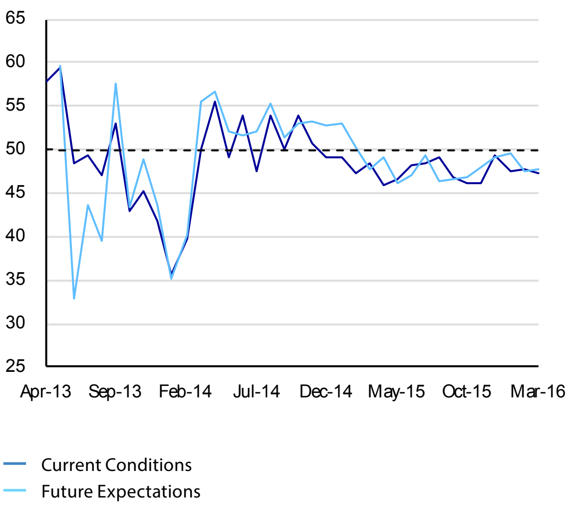
Export Orders



Orders - Current Conditions

	Mar-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16
New Orders	59.2	57.5	57.4	55.6	58.2	60.7	58.4
Export Orders	57.3	53.0	55.8	59.2	54.6	56.9	55.5
Order Backlogs	48.5	46.2	46.1	49.3	47.6	47.7	47.2

Order Backlogs



"We are having good market position & customers."

"Poor demand."

"The season will be booming season so we will be adding some new business activities."

"There is no demand in the market."

February, the 15th month in contraction. The last time companies reported higher backlogs, as represented by an indicator value above 50, was in November 2014.

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

Orders - Future Expectations

	Mar-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16
New Orders	69.4	67.6	64.8	64.5	66.2	69.3	68.2
Export Orders	68.2	61.5	68.8	64.7	65.2	65.5	65.2
Order Backlogs	47.8	46.9	48.0	49.1	49.5	47.4	47.8

Output and Employment
Production Growth Accelerates

While orders declined between February and March, output growth accelerated slightly for the second consecutive month, leaving it at the highest since October 2015.

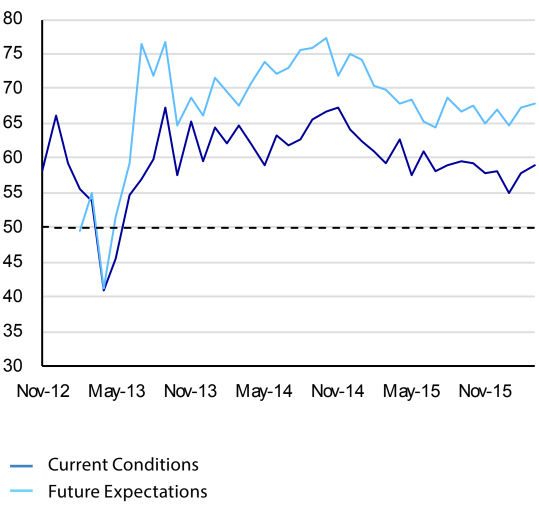
The Production Indicator increased to 59.1 in March from 57.9 in February. This was accompanied by a more positive outlook for the coming three months as well, with the Future Expectations Indicator increasing to 67.8 from 67.2, the highest since August.

Two factors helped to support output in March. First, there was a sharp increase in output growth among firms in the service sector which more than compensated for the fall seen in manufacturing. Strong growth in construction also helped. Second, output is probably benefiting from the recent strength in orders. The March turn down in orders may pull production lower if sustained, although the strength in expectations could well help to maintain output growth.

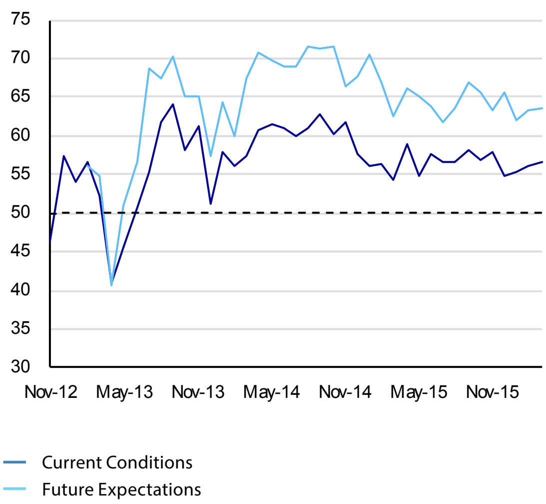
In spite of the rise in the Production Indicator in March, it still remains down on the year, albeit by just 0.3%. It's now running 1% down on the 2015 average, compared with New Orders which is 1.6% below.

Alongside Production, the Productive Capacity Indicator ticked up for the third consecutive month to 56.6 in March from 56.1 in February. That increase in capacity, though, does not appear to be translating through to higher staff numbers. The Employment Indicator eased to 50.5 in March from 51.5 in February, the lowest since October 2015. It has remained broadly stable around this level for the past year.

Production



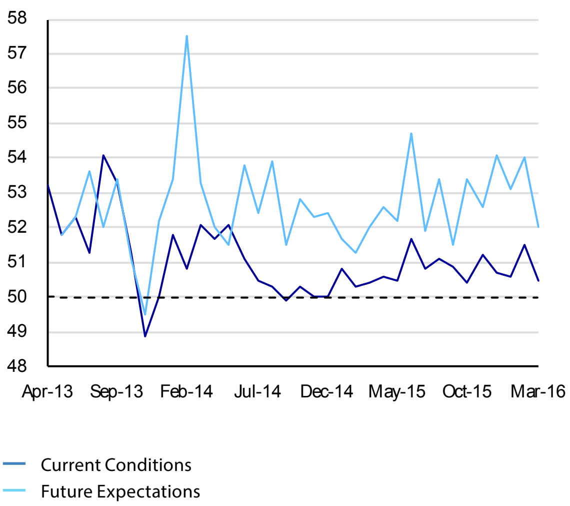
Productive Capacity



Output and Employment - Current Conditions

	Mar-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16
Production	59.3	59.4	57.8	58.0	54.9	57.9	59.1
Productive Capacity	54.4	56.8	57.9	54.9	55.3	56.1	56.6
Employment	50.4	50.4	51.2	50.7	50.6	51.5	50.5

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

"Output increased; good customers' demand."

"We are expecting more projects."

"The mode of the market has changed now, hence we are expecting good sales."

"New recruitments has to be fulfilled."

"Orders were pending because of expansion."

"We are expecting a good demand."

"More employees because of business expansion."

Output and Employment - Future Expectations

	Mar-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16
Production	69.9	67.7	65.1	66.9	64.8	67.2	67.8
Productive Capacity	62.4	65.6	63.3	65.6	62.1	63.3	63.6
Employment	52.0	53.4	52.6	54.1	53.1	54.0	52.0

Prices

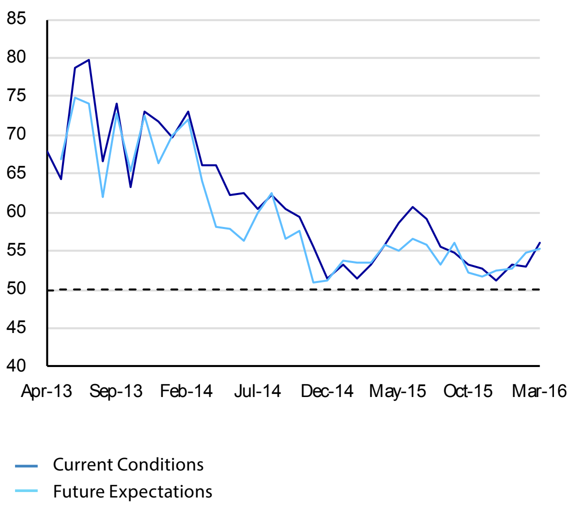
Weak Rupee Weighs on Business

The latest edition of the MNI India Business Survey showed that upward pressure on prices remained in March as firms dealt with the inflationary impact of a weak rupee and a recovery in oil prices. While the weakness in the currency was reported to have had a negative impact on business by increasing the cost of imports used in production, most companies were able to shift at least some of the burden to consumers with the Prices Received Indicator also rising.

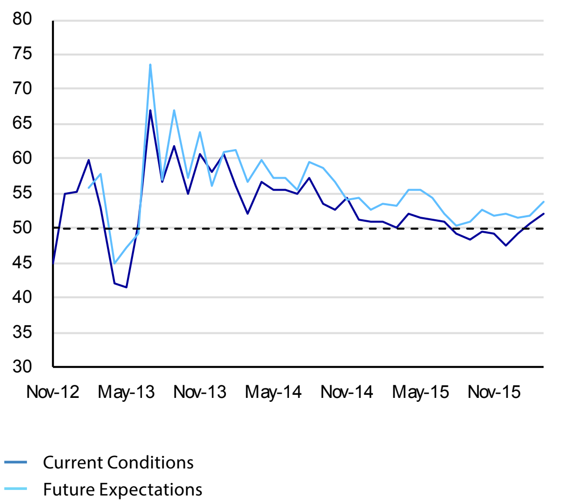
The Effect of the Rupee Exchange Rate Indicator fell 4.3% to 46.3 in March from 48.4 in February, leaving it at the lowest level since June 2015. The indicator has now been below the 50 breakeven level for seven months in a row, meaning that a greater portion of firms have reported that the exchange rate has hurt their operations compared with those that said it has helped.

An examination of the performance of the rupee over this same period highlights the positive relationship between the rupee and business conditions. Throughout the survey's history, companies on our panel have consistently indicated that the upward effect on prices due to a fall in the value of the rupee outweighs any boost in export competiveness. The explanation here lies with the high dependence of Indian firms on foreign sources of raw materials, particularly oil. Complying with this explanation, manufacturing firms have been the most pessimistic about the level of the exchange rate in recent times compared with firms in the construction and service sectors although in March the indicator for all three sectors was below the 50 breakeven level.

Input Prices



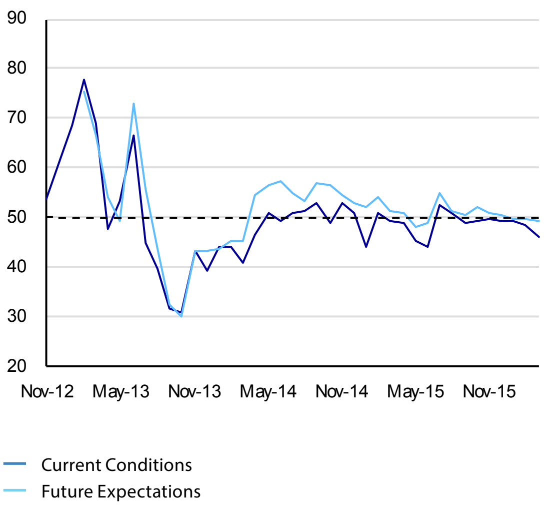
Prices Received



Prices - Current Conditions

	Mar-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16
Input Prices	53.2	53.2	52.6	51.1	53.3	53.0	56.0
Prices Received	50.1	49.7	49.3	47.7	49.4	50.7	52.0
Exchange Rate	49.2	49.3	49.6	49.3	49.2	48.4	46.3

Effect of Rupee Exchange Rate



Sectors - Current Conditions

	Input Prices	Prices Received	Effect of Rupee Exchange Rate
Manufacturing	↑ > 50	↑ > 50	↓ < 50
Services	↑ > 50	↓ > 50	↓ < 50
Construction	↓ > 50	↔ = 50	↓ < 50

Sectors - Future Expectations

	Input Prices	Prices Received	Effect of Rupee Exchange Rate
Manufacturing	↑ > 50	↑ > 50	↑ < 50
Services	↓ > 50	↑ > 50	↓ < 50
Construction	↓ = 50	↑ > 50	↓ > 50

The outlook for the exchange rate fared a little better, with the Expectations Indicator for the Effect of the Rupee Exchange rate broadly stable at 49.4 in March compared with 49.6 in February. A large majority of firms, at 77.7%, were neutral about its likely impact over the coming three months.

Prices for the inputs of production have been steadily increasing throughout the first quarter of 2016 and the trend continued in March. The Input Prices Indicator rose 5.7% to 56.0 from 53.0 in February, leaving it at the highest since July last year. While the string of increases has cleared the indicator from its series low reached in December, it remains 8.8% below its series average with the global commodities glut in the last year-and-a-half tempering the inflationary effect of a weaker exchange rate.

For the most part, firms have passed on any savings in input prices to consumers over the last year, evidenced by the tandem downward path of the Prices Received and Input Prices Indicators over 2015 and official data showing both consumer and producer price inflation in check during the same period. A new narrative has emerged in the early stages of 2016 though, with March's 2.6% rise in Prices Received to 52.0, the third monthly increase in a row, leaving it at the highest since April 2015.

Companies flagged further increases in the coming quarter, with the Expectations Indicator for Prices Received up 4.1% to 53.9. Our panel has cited increased competition as a limiting factor in their ability to maintain margins over the last year, despite the lower cost of inputs.

Prices - Future Expectations

	Mar-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16
Input Prices	53.6	52.1	51.8	52.5	52.6	54.7	55.4
Prices Received	53.2	52.8	51.9	52.2	51.6	51.8	53.9
Exchange Rate	51.4	52.2	51.1	50.5	49.7	49.6	49.4

Money and Credit
Financial Position Tempers

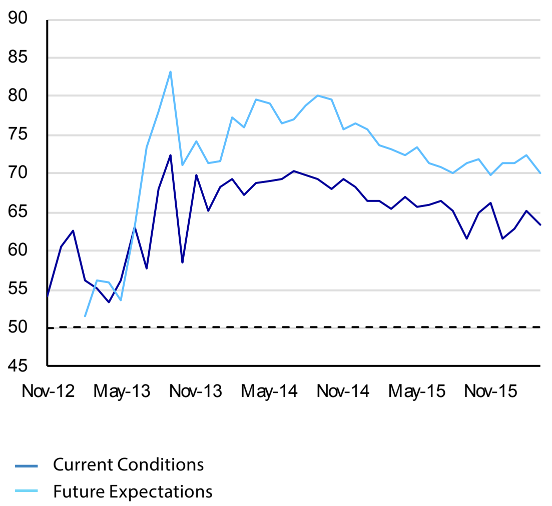
Following a boost in February, company balance sheets cooled in March as new orders pulled back and credit conditions tightened slightly.

The Financial Position Indicator fell 2.8% to 63.3 in March from 65.1 in February with manufacturing and service sector companies both seeing similar sized declines while construction companies reported an improvement. The last few years has been a tug-of-war between relatively loose credit conditions thanks to an easing bias from the RBI, and waning sales and output. The result has been a range-bound Financial Position Indicator with the latest outturn just below the series average of 64.7. Matching the fall in the current measure of total profit, the expectations measure for Financial Position was down 3% to 70.1 from 72.3 in February.

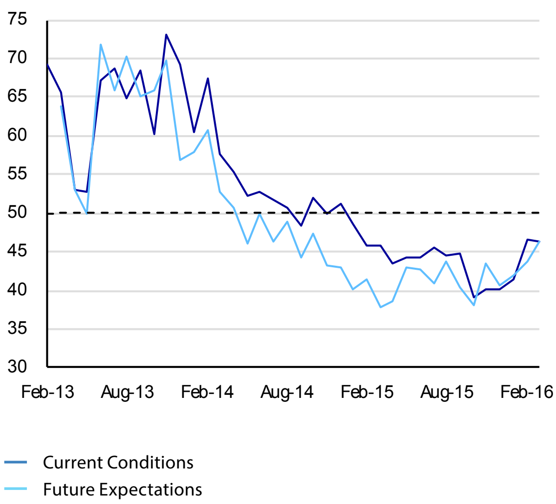
The cost of credit was flat in March, although it remained above the level recorded in January. The Interest Rates Paid Indicator fell 0.2% to 46.4 from 46.5 in March, its 15th consecutive month in contraction. With economic activity on shaky ground and inflation subdued thanks to cheaper commodity prices, the RBI has taken its opportunity to cut rates over the last year with the key policy rate slashed by 125 basis points over 2015. Firms on our panel were divided on the future path of policy though, with the Expectations Indicator for Interest Rates Paid rising 5.7% to 46.3.

While interest rates were reported to be broadly stable, the availability of credit fell substantially in March. The Availability of Credit Indicator dropped 8.1% to 55.7 from 60.6 in February, the lowest in more than two years. Expectations for the future were also buffeted,

Financial Position



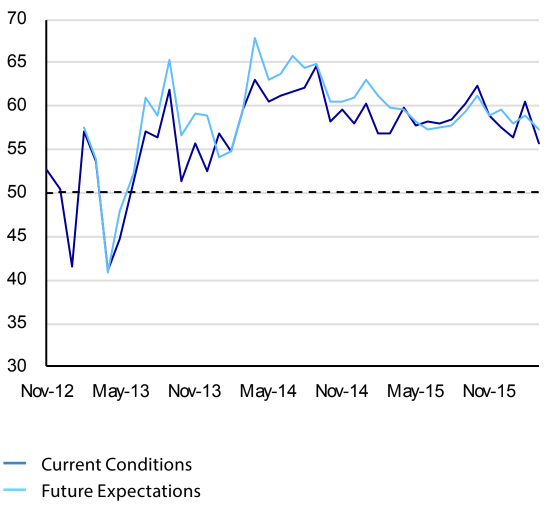
Interest Rates Paid



Money and Credit - Current Conditions

	Mar-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16
Availability of Credit	56.8	62.4	58.8	57.6	56.3	60.6	55.7
Interest Rates Paid	45.9	39.2	40.1	40.1	41.5	46.5	46.4
Financial Position	65.4	64.8	66.1	61.5	62.9	65.1	63.3

Availability of Credit



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

"Good turnover is there."

"Our profits are there in our hand by the quarter end."

"New business coming in."

"We are growing in each and every quarter."

"Better financial position; crude prices have declined recently and we have gained good demand from the market."

"Increase in the year end sales."

although to a lesser degree with Future Expectations for the Availability of Credit down 2.7% to 57.4.

Money and Credit - Future Expectations

	Mar-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16
Availability of Credit	59.8	61.2	58.8	59.5	58.1	59.0	57.4
Interest Rates Paid	37.7	38.1	43.4	40.6	41.9	43.8	46.3
Financial Position	73.2	71.8	69.7	71.4	71.3	72.3	70.1

Logistics
Stock Building Continues

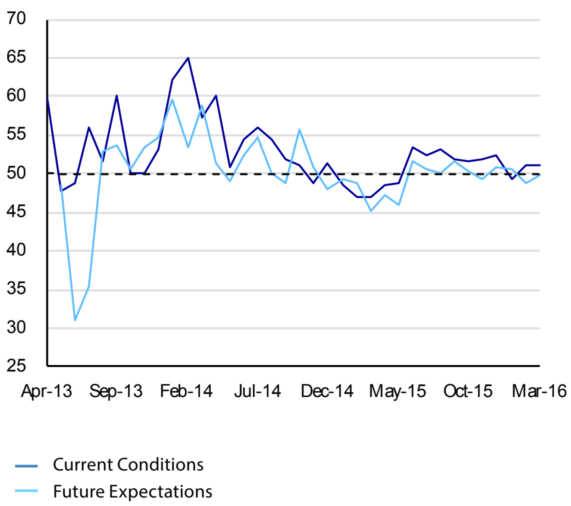
The pace of inventory building was unchanged from last month while suppliers took longer to deliver key inputs in March.

Following a 3.7% rise back into expansion in February, the Inventories Indicator was unchanged in March at 51.1. The indicator remained above the 50 breakeven level, indicating that a greater portion of companies expanded their stockpiles over the month compared with those who drew down. Inventories now stand just above last year's average of 50.6 although are below the series average of 52.7.

The key determinant of the amount of inventory a company chooses to maintain is a joint function of the current and expected level of output and new orders. From the widening gap between expected new orders and realised orders, as well as the relative outperformance of production, it is difficult to say which effect is greater. In previous months we posited that companies were beginning to build up stocks in order to meet higher expected demand, which appears to have had some impact in March, although there was an added dimension of an increase in production coinciding with weaker than expected new orders over the month that left some companies with unwanted items.

Weakness in New Orders in March caused companies to re-think their expected inventory level in three months' time. Expectations for Inventories rose 2.3% to 49.8 in March from 48.7 in February, indicating that the balance of firms expected their inventories to be unchanged.

Inventories



"Inventories up; poor sales."

"Everybody want to purchase faster."

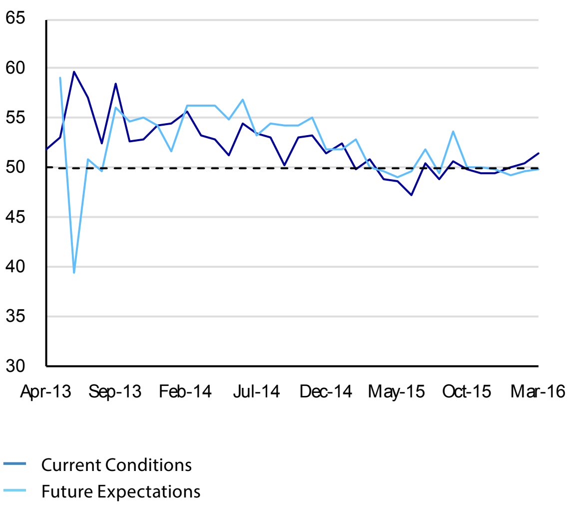
"We have to finish stock before 31 march."

"We want to unblock the amount from our inventory."

Logistics - Current Conditions

	Mar-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16
Inventories	46.9	51.5	51.9	52.5	49.3	51.1	51.1
Supplier Deliveries	50.8	49.8	49.5	49.5	50.0	50.4	51.5

Supplier Delivery Times



Sectors - Current Conditions

	Inventories of Finished Goods	Supplier Delivery Times
Manufacturing	↓ > 50.0	↑ > 50.0
Construction	↔ = 50.0	↔ = 50.0

Sectors - Future Expectations

	Inventories of Finished Goods	Supplier Delivery Times
Manufacturing	↑ > 50.0	↓ < 50.0
Construction	↔ = 50.0	↔ = 50.0

Suppliers of key inputs took more time to deliver orders from last month in March, leaving the Supplier Delivery Indicator at the highest in more than a year. Supplier Deliveries rose 2.2% to 51.5 in March from 50.4 in February. A rise in Supplier Deliveries generally implies an increase in demand, lagged by a month or so as firms scramble to keep up with orders. The indicator has hovered around the 50-level for more than a year though, suggesting that most companies are operating well within capacity. Our panel anticipated that delivery times would be broadly steady in the next three months, with the Expectations Indicator up 0.4% to 49.8.

Logistics - Future Expectations

	Mar-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16
Inventories	45.1	50.2	49.2	50.8	50.7	48.7	49.8
Supplier Deliveries	50.0	50.0	50.0	49.8	49.3	49.6	49.8

What the Panel Said

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

"Overall demand is increasing."

"Third and fourth quarter are good for the company's business."

"We are having good orders in hand."

"Automobile industry is growing."

"Better business conditions because of the increase in the market demand and new policies implemented by the Modi government."

"There will be a boom after the financial year end."

"Company is coming up with a new product."

"Production is expected to increase and also the market may improve."

"We are into seasonal business as the season is nearing hence the conditions are going to improve."

"New business coming in."

"We are having good market position & customers."

"Poor demand."

"The season will be booming season so we will be adding some new business activities."

"There is no demand in the market."

"Output increased; good customers' demand."

"We are expecting more projects."

"The mode of the market has changed now, hence we are expecting good sales."

"New recruitments has to be fulfilled."

"Good turnover is there."

"Our profits are there in our hand by the quarter end."

"New business coming in."

"We are growing in each and every quarter."

"Better financial position; crude prices have declined recently and we have gained good demand from the market."

"Inventories up; poor sales."

"Everybody want to purchase faster."

"We have to finish stock before 31 march."

"We want to unblock the amount from our inventory."

Data tables

Historical Summary

	2015										2016		
	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
MNI India Business Indicator													
Current Conditions	63.0	63.9	62.3	67.1	65.3	62.3	61.4	62.3	60.9	60.7	61.8	63.5	62.7
Future Expectations	74.9	72.6	74.2	73.6	74.5	73.7	71.1	75.1	72.2	74.3	71.6	73.8	71.9
Production													
Current Conditions	59.3	62.6	57.5	61.1	58.1	59.1	59.7	59.4	57.8	58.0	54.9	57.9	59.1
Future Expectations	69.9	67.9	68.4	65.4	64.5	68.7	66.8	67.7	65.1	66.9	64.8	67.2	67.8
New Orders													
Current Conditions	59.2	61.4	57.1	61.8	60.9	60.8	59.7	57.5	57.4	55.6	58.2	60.7	58.4
Future Expectations	69.4	71.2	69.4	67.6	66.7	67.6	68.9	67.6	64.8	64.5	66.2	69.3	68.2
Export Orders													
Current Conditions	57.3	56.8	53.6	60.7	56.9	59.7	57.1	53.0	55.8	59.2	54.6	56.9	55.5
Future Expectations	68.2	61.1	63.1	64.5	63.5	65.5	62.2	61.5	68.8	64.7	65.2	65.5	65.2
Productive Capacity													
Current Conditions	54.4	59.0	54.7	57.7	56.7	56.5	58.1	56.8	57.9	54.9	55.3	56.1	56.6
Future Expectations	62.4	66.2	65.0	63.9	61.8	63.6	67.0	65.6	63.3	65.6	62.1	63.3	63.6
Order Backlogs													
Current Conditions	48.5	45.9	46.5	48.2	48.5	49.0	46.9	46.2	46.1	49.3	47.6	47.7	47.2
Future Expectations	47.8	49.2	46.2	47.0	49.4	46.3	46.6	46.9	48.0	49.1	49.5	47.4	47.8
Employment													
Current Conditions	50.4	50.6	50.5	51.7	50.8	51.1	50.9	50.4	51.2	50.7	50.6	51.5	50.5
Future Expectations	52.0	52.6	52.2	54.7	51.9	53.4	51.5	53.4	52.6	54.1	53.1	54.0	52.0
Inventories													
Current Conditions	46.9	48.6	48.7	53.5	52.4	53.1	51.9	51.5	51.9	52.5	49.3	51.1	51.1
Future Expectations	45.1	47.2	45.9	51.7	50.7	50.0	51.7	50.2	49.2	50.8	50.7	48.7	49.8
Input Prices													
Current Conditions	53.2	55.9	58.6	60.6	59.2	55.6	54.9	53.2	52.6	51.1	53.3	53.0	56.0
Future Expectations	53.6	55.7	55.0	56.6	55.7	53.2	56.1	52.1	51.8	52.5	52.6	54.7	55.4
Prices Received													
Current Conditions	50.1	52.1	51.5	51.3	51.1	49.3	48.3	49.7	49.3	47.7	49.4	50.7	52.0
Future Expectations	53.2	55.6	55.5	54.3	52.0	50.5	51.1	52.8	51.9	52.2	51.6	51.8	53.9
Financial Position													
Current Conditions	65.4	67.0	65.8	66.0	66.4	65.2	61.7	64.8	66.1	61.5	62.9	65.1	63.3
Future Expectations	73.2	72.4	73.5	71.4	70.9	70.1	71.3	71.8	69.7	71.4	71.3	72.3	70.1
Interest Rates Paid													
Current Conditions	45.9	43.6	44.2	44.2	45.5	44.4	44.7	39.2	40.1	40.1	41.5	46.5	46.4
Future Expectations	37.7	38.5	43.1	42.7	40.8	43.8	40.5	38.1	43.4	40.6	41.9	43.8	46.3
Effect of Rupee Exchange Rate													
Current Conditions	49.2	48.8	45.2	44.3	52.4	51.1	49.0	49.3	49.6	49.3	49.2	48.4	46.3
Future Expectations	51.4	51.1	48.3	48.8	55.0	51.3	50.5	52.2	51.1	50.5	49.7	49.6	49.4
Supplier Delivery Times													
Current Conditions	50.8	48.9	48.6	47.3	50.4	48.8	50.7	49.8	49.5	49.5	50.0	50.4	51.5
Future Expectations	50.0	49.6	49.0	49.6	51.9	49.4	53.6	50.0	50.0	49.8	49.3	49.6	49.8
Availability of Credit													
Current Conditions	56.8	59.9	57.7	58.3	58.0	58.4	60.3	62.4	58.8	57.6	56.3	60.6	55.7
Future Expectations	59.8	59.7	58.2	57.2	57.6	57.8	59.4	61.2	58.8	59.5	58.1	59.0	57.4

Historical Records

	2012 - Current			
	Minimum	Maximum	Mean	Median
MNI India Business Indicator				
Current Conditions	47.5	71.2	62.3	62.7
Future Expectations	49.7	82.4	71.9	73.8
Production				
Current Conditions	41.0	67.3	59.8	59.7
Future Expectations	41.3	77.3	67.7	68.6
New Orders				
Current Conditions	39.7	69.1	59.2	60.7
Future Expectations	40.4	78.6	68.3	69.4
Export Orders				
Current Conditions	41.3	67.4	57.7	57.2
Future Expectations	45.2	76.1	65.2	65.3
Productive Capacity				
Current Conditions	41.0	64.0	56.6	56.8
Future Expectations	40.7	71.4	64.3	65.4
Order Backlogs				
Current Conditions	35.6	59.3	48.5	48.5
Future Expectations	32.8	59.6	48.6	49.1
Employment				
Current Conditions	48.9	54.1	51.1	50.8
Future Expectations	49.5	57.5	52.7	52.4
Inventories				
Current Conditions	46.9	64.9	52.7	51.7
Future Expectations	31.0	59.5	50.1	50.7
Input Prices				
Current Conditions	51.1	79.6	61.4	60.4
Future Expectations	50.9	74.9	59.5	56.6
Prices Received				
Current Conditions	41.5	67.1	53.1	52.2
Future Expectations	45.1	73.7	55.7	55.5
Financial Position				
Current Conditions	53.4	72.3	64.7	66.0
Future Expectations	51.6	83.3	72.0	72.8
Interest Rates Paid				
Current Conditions	39.2	73.2	53.2	51.5
Future Expectations	37.7	71.7	49.9	46.3
Effect of Rupee Exchange Rate				
Current Conditions	30.9	77.8	49.7	49.2
Future Expectations	30.1	75.5	51.7	51.4
Supplier Delivery Times				
Current Conditions	47.3	59.6	52.1	52.2
Future Expectations	39.5	59.0	52.3	51.9
Availability of Credit				
Current Conditions	41.1	64.6	56.7	57.7
Future Expectations	40.9	67.8	59.0	59.3

The decline in sentiment was solely led by manufacturing firms.

In contrast, sentiment among construction companies rose significantly and service sector companies were also more optimistic about overall business conditions.

Companies lamented that the weakness in the rupee made their imports more expensive.

The indicator measuring the Effect of the Rupee Exchange Rate fell further into contraction to 46.3 from 48.4 in February, the lowest since June 2015.

Historical Records - Quarterly

	Q1 15	Q2 15	Q3 15	Q4 15	Q1 16	Quarterly Change	Quarterly % Change
MNI India Business Indicator							
Current Conditions	64.5	64.4	63.0	61.3	62.7	1.4	2.3%
Future Expectations	75.4	73.5	73.1	73.9	72.4	-1.5	-2.0%
Production							
Current Conditions	60.9	60.4	59.0	58.4	57.3	-1.1	-1.9%
Future Expectations	71.4	67.2	66.7	66.6	66.6	0.0	0.0%
New Orders							
Current Conditions	60.0	60.1	60.5	56.8	59.1	2.3	4.0%
Future Expectations	71.1	69.4	67.7	65.6	67.9	2.3	3.5%
Export Orders							
Current Conditions	56.8	57.0	57.9	56.0	55.7	-0.3	-0.5%
Future Expectations	67.7	62.9	63.7	65.0	65.3	0.3	0.5%
Productive Capacity							
Current Conditions	55.6	57.1	57.1	56.5	56.0	-0.5	-0.9%
Future Expectations	66.6	65.0	64.1	64.8	63.0	-1.8	-2.8%
Order Backlogs							
Current Conditions	48.3	46.9	48.1	47.2	47.5	0.3	0.6%
Future Expectations	50.3	47.5	47.4	48.0	48.2	0.2	0.4%
Employment							
Current Conditions	50.5	50.9	50.9	50.8	50.9	0.1	0.2%
Future Expectations	51.7	53.2	52.3	53.4	53.0	-0.4	-0.7%
Inventories							
Current Conditions	47.5	50.3	52.5	52.0	50.5	-1.5	-2.9%
Future Expectations	47.7	48.3	50.8	50.1	49.7	-0.4	-0.8%
Input Prices							
Current Conditions	52.6	58.4	56.6	52.3	54.1	1.8	3.4%
Future Expectations	53.6	55.8	55.0	52.1	54.2	2.1	4.0%
Prices Received							
Current Conditions	50.8	51.6	49.6	48.9	50.7	1.8	3.7%
Future Expectations	53.2	55.1	51.2	52.3	52.4	0.1	0.2%
Financial Position							
Current Conditions	66.1	66.3	64.4	64.1	63.8	-0.3	-0.5%
Future Expectations	74.2	72.4	70.8	71.0	71.2	0.2	0.3%
Interest Rates Paid							
Current Conditions	46.8	44.0	44.9	39.8	44.8	5.0	12.6%
Future Expectations	39.8	41.4	41.7	40.7	44.0	3.3	8.1%
Effect of Rupee Exchange Rate							
Current Conditions	48.1	46.1	50.8	49.4	48.0	-1.4	-2.8%
Future Expectations	52.6	49.4	52.3	51.3	49.6	-1.7	-3.3%
Supplier Delivery Times							
Current Conditions	51.0	48.3	50.0	49.6	50.6	1.0	2.0%
Future Expectations	51.6	49.4	51.6	49.9	49.6	-0.3	-0.6%
Availability of Credit							
Current Conditions	58.0	58.6	58.9	59.6	57.5	-2.1	-3.5%
Future Expectations	61.3	58.4	58.3	59.8	58.2	-1.6	-2.7%

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