

**FICCI BUSINESS CONFIDENCE SURVEY**  
***Shows a dip in confidence level of Corporate India***  
***Profits, investments take a hit amidst current scenario***

**New Delhi, 13 September 2013:** Results of FICCI's latest Business Confidence Survey conducted during the months of July and August 2013 show significant moderation in the performance of companies vis-à-vis performance over the previous six months. The participating companies are not too optimistic about the near term performance either. A discernible increase is seen in the proportion of respondents reporting a 'moderately to substantially worse' performance at the economy and industry level going ahead.

As a result the Overall Business Confidence Index declined further to 49.0 in the latest survey. The slide in the confidence level of corporate India continued for the fourth successive quarter and this value is the lowest seen in almost seventeen quarters and reminds one of the difficult situation that was faced during 2008-09.

In addition, expectations with regard to major operational parameters including sales, profits, investments, exports and employment have taken a beating. The outlook with regard to sales, profits, exports remained subdued, with a majority of respondents anticipating no change from the current levels in the coming six months. Also, a majority 67 per cent of the participating companies indicated that they don't intend any fresh hiring in near term and their workforce is expected to remain at the current levels.

The investment sentiment has been knocked down considerably as a sense of apprehension continues to grip members of India Inc. The proportion of respondents citing an increase in investment levels over the next two quarters declined to 21 per cent in the present survey, from 37 per cent stating likewise in the previous survey.

The participating companies reported that both cost and availability of credit have again emerged as issues constraining growth. A substantial increase was noted in the percentage of respondents stating the same between the present and the last survey.

In the present survey 38 per cent of the respondents said that availability of credit is an issue and this is almost double the percentage of participants citing likewise in previous round of FICCI Business Confidence Survey. Also, high cost of credit was reported to be a concern by 72 per cent of the participating companies. The corresponding number in the previous survey was 57 per cent.

Further, the participants indicated that there has been no relief in the interest being charged by banks on term loans and working capital loans over the past one year. Rather, the interest costs have inched up marginally over this period.

The surveyed firms were also asked to indicate the interest rate they would be comfortable paying given the current situation. It was indicated that an average interest rate of 9.4 per cent on working capital loan and 8.9 per cent on term loan would be reasonable.

On other factors affecting the performance of the companies, a majority of respondents indicated weak demand and cost of manpower to be areas of concern.

Respondents also said that sharp fall in the Rupee value has affected their input costs, which in turn has lowered their profitability. Both capital and operational costs have been impacted. The participating companies said that they are in a fix as they cannot pass the increase in cost to the consumers.

The participants were also asked to suggest measures to revive flagging industrial growth. A good number of respondents felt that improving basic infrastructure with emphasis on quality has to be ensured. Investment in infra projects that are stalled has to be expedited. Also, it was unanimously reported that simplification of procedures and policies in commencing and conducting businesses will enable better confidence. Implementation of Goods and Services Tax and cut in interest rate by the RBI were given as other suggestions.

**Download: [http://fikki.com/SEDocument/20261/FICCI-Business-Confidence-Survey\\_Q1FY14.pdf](http://fikki.com/SEDocument/20261/FICCI-Business-Confidence-Survey_Q1FY14.pdf)**

**FICCI MEDIA DIVISION**