

**Confidence level soars further amongst India Inc.
Overall Business Confidence Index at a fifteen quarter high:
FICCI's Business Confidence Survey**

New Delhi, October 06, 2014: The latest round of FICCI's Business Confidence Survey shows a further improvement in confidence level amongst members of corporate India.

The Overall Business Confidence Index stood at 72.7 in the present survey, which is the highest in fifteen quarters. The index value in the previous survey was 69.0.

The Current Condition Index increased to 65.4 in the present survey from 57.8 in the previous round. The Expectation Index also indicated an improvement to 76.3 in the current survey from 74.6 last time.

The perception of respondents with regard to current situation relative to the last six months has noted a marked improvement in the latest round of FICCI's Business Confidence Survey. **The proportion of respondents citing 'moderately to substantially better' performance vis-a-vis last six months recorded a significant jump at the economy, industry and firm level in the current survey.**

The participants were also optimistic about the near term prospects. 93 percent of the companies participating in the survey said that they expect the overall economic situation to be better over the next six months.

The results with regard to operational parameters have considerably improved when compared to the situation a year ago. However, relative to the previous survey (when a significant increment was noted in proportion of respondents citing better prospects), this time around the improvement was marginal for most parameters. In the current survey, the outlook with regard to sales and exports looked slightly better vis-a-vis the last survey round.

The proportion of respondents expecting higher profits in near term remained at 43 percent as in the previous survey. However, this is a significant improvement from just about 17 percent of the participants who stated likewise a year ago.

In the present survey, **34 percent of the participants anticipated better investment prospects over the next two quarters. This is a significant improvement when compared to 21 percent stating likewise one year back.** The confidence level of the investors is steadily improving. The new government has geared into action and we have seen clearances being given to some big ticket projects. The government has also announced a series of progressive policy and procedural measures that augur well for economic and industrial growth. Industry feels that we are on the right track and that government should continue with its efforts to further smoothen the clearance process.

However, **not much change was noted in employment outlook of the participating companies;** with a majority 64 percent not expecting to hire more over the next six months. The corresponding figure in the last survey was 63 percent. Further, 30 percent of the respondents indicated that they expect to hire more people in near term.

On the constraining factors affecting business performance, weak demand has been reported as a concern persistently for over a year now. However, the results of the

present survey indicate that there has been some improvement in the demand situation. In the current survey round though more than half of the respondents (57 percent) said that weak demand is a constraining factor, this was lower than 72 percent stating likewise in the previous survey.

With regard to the credit situation, the participants seemed pretty comfortable especially with regard to availability of credit. Almost 77 percent of the companies participating in the survey felt that availability of credit was not a problem. The corresponding figure was 75 percent in the last survey and 62 percent a year ago. Still 45 percent of respondents cited cost of credit to be a problem area.

In addition, the respondents were asked to share their views about the cabinets’ recent approval to the proposal to amend the three archaic labour laws – Apprenticeship Act, Factories Act and the Labour Act of 1988. A majority of the companies participating in the survey felt that the change in laws has been long pending and that the laws should be made industry friendly and transparent. The participating companies felt due cognizance should be given to the welfare of employees as well as employers.

Furthermore, the ‘Make in India’ vision of the Hon’ble Prime Minister sends out a clear message about India’s manufacturing potential. Given that, **we asked the participants to indicate what are the ‘focus’ sectors where India can create a niche for itself given its physical and human resource endowments.** We need to work in consonance with our competitive edge, identifying products we can specialise in. **According to companies participating in the survey, following sectors were identified as the ‘focus’ sectors for India where all efforts should be made to ramp up manufacturing capacities.**

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| Engineering: Heavy and Light | Steel and Iron |
| Electrical and Electronic products | Pharmaceuticals and Medical equipment |
| Automobiles and Auto Components | Food Processing and Agro based industries |
| Textiles | Defence Equipment |

In fact, these sectors closely map with the ones indicated by the Government during the recent launch of ‘Make in India’ campaign.

Download FICCI Business Confidence Survey :

<http://ficci.com/SEDocument/20311/FICCI-Business-Confidence-Survey-Sep-2014.pdf>