FICCI QUARTERLY SURVEY
ON
INDIAN MANUFACTURING SECTOR

November 2013

FEDERATION OF INDIAN CHAMBERS OF COMMERCE & INDUSTRY

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Introduction & Quarterly Outlook for the Manufacturing Sector

Production and Demand

- FICCI's latest quarterly survey gauges the expectations of manufacturers for Q-3 (October-December 2013-14) for thirteen major sectors namely textiles, capital goods, textiles machinery, metals, chemicals, cement, electronics, automotive, leather & footwear, machine tools, Food processing, Paper and tyre. Responses have been drawn from 276 manufacturing units from both large and SME segments with a combined annual turnover of over Rs 5 lac crore.
- FICCI's latest Quarterly Survey on Manufacturing for third quarter of 2013-14, indicates continuation of growth, though low, in the manufacturing activity in Quarter-3 backed by export demand. The proportion of respondents reporting higher levels of production in third quarter of 2013-14 has further increased to 52% as compared to over 48% in previous quarter and 45% for the same quarter last year. Upturn in industrial sector is particularly evident in sectors like leather, textiles, cement, chemicals and textiles machinery. At the same time, sectors like automotive, capital goods and electronics are expected to witness sluggish growth in the current quarter.

Quarter	% of Respondents Expecting Higher Production in the Respective Quarter vis-à-vis last year
Q-3 (2013-14)	**52%**
Q-2 (2013-14)	**48%**
Q-1 (2013-14)	**35%**
Q-4 (2012-13)	36%
Q-3 (2012-13)	45%
Q-2 (2012-13)	44%
Q-1 (2012-13)	46%
Q-4 (2011-12)	36%

Source : FICCI Survey

- The demand conditions also seem to be slightly better than the previous quarter with 44% respondents reporting higher order books for October-December 2013-14 quarter as compared to 32% respondents reporting higher order books for July-September 2013 in the previous survey. In previous four quarters (Q-2 2013-14; Q-1 2013-14; Q-4 2012-13 and Q-3 2012-13) between 31 to 39% respondents reported higher order books.

Capacity Addition & Utilization

- In terms of investment, it remains subdued in manufacturing sector as was the case for previous quarter also with 72% respondents not having any plans for capacity additions for the next six months as compared to 74% respondents in the previous survey. Though, the proportion of respondents reporting plans for capacity additions in next six month has slightly increased from 26% in previous survey to 28% in the current survey but it could hardly be construed as any upturn in investment activity as of now.
- Subdued investment sentiments are also reflected in the expected performance of capital goods sector as explained later in this survey report.
- On the one hand we have sectors like chemicals, capital goods, food products, metals where capacity utilization has either improved or almost remained same in the July-September quarter, on the other hand we have sectors like automotive where the average capacity utilization has fallen over the previous quarter.

Table: Current Average Capacity Utilization Levels As Reported in Survey

Sector	Average Capacity Utilisation (%) in Q-4 2012-13	Average Capacity Utilisation (%) in Q-1 2013-14	Average Capacity Utilisation (%) in Q-2 2013-14
Auto	73	72	60
Capital Goods	68	70	70
Cement	77	75	73
Chemicals	74.5	77	78
Textiles	81	80	78
Electronics & Electricals	58	56	60
Food Products	80	75	86
Leather & Footwear	73	82	71

Metals	**66**	**63**	**70**
Machine Tools	**NA**	**NA**	**NA**
Textiles Machinery	**NA**	**NA**	**60**
Tyre	**NA**	**NA**	**60**

- The current average capacity utilization as reported in the survey is around 70% for manufacturing which is somewhat less than that reported in previous quarter.

Inventories

- Looking at the inventory levels, currently around 24% respondents reported that they are carrying more than their average levels of inventories (as compared to 26% in previous quarter) and another 53% are maintaining their average levels of inventories (as compared to 59% in previous quarter).

Exports

- Export outlook for manufacturing remains positive, though proportion of respondents expecting higher exports in quarter-3 (Oct-Dec 2013-14) has slightly fallen to 48% from 52% in previous quarter (quarter-2, July-Sep 2013-14). At the same time, proportion of respondents reporting no change in exports increased significantly from 21% in previous quarter to 37% in Q-3. Hence, overall, export scenario is showing some improvement in current quarter as compared to previous quarter.

Hiring

- Over 75% of the respondents are not likely to hire additional workforce in next three months. This proportion is the same as in previous quarter but has increased as compared to earlier quarters in which the proportion was around 70%. This is also reflected in lack of expansion plans of manufacturers as explained above.

Interest Rate

- Interest rate paid by the manufacturers ranges from 8 to 16% as per the survey with average interest rate at around 12% per annum. 58% respondents are availing credit at over 12% as compared to 42% in previous survey.

Sectoral Growth

- Based on expectations in different sectors, the Survey pointed out that five out of thirteen sectors were likely to witness low growth (less than 5%). Only two sectors namely, leather and paper are expected to have a strong growth of over 10% in October-December 2013-14 and rest all the sectors likely to witness moderate growth.

Table : Growth expectations for Q-3 2013-14 compared with Q-3 2012-13

Sector	**Growth Expectation**
Electronics & Electricals	**Low**
Capital Goods	**Low**
Steel & Metals	**Low**
Automotive	**Low**
Machine Tools	**Low**
Chemicals	**Moderate**
FMCG/Food Products	**Moderate**
Textiles	**Moderate**
Cement	**Moderate**
Textiles Machinery	**Moderate**
Tyre	**Moderate**
Leather & footwear	**Strong**
Paper	**Strong**

Note: Strong > 10%; 5% < Moderate < 10%; Low < 5% (Source: FICCI Survey)

Automotive

- Indian automotive sector has been one of the most affected sectors due to slowdown in the economy and most respondents in the sector expect either same or lower level of production in July – September 2013 vis-à-vis same quarter of 2012.
- For the current quarter i.e. October – December 2013 also 60% respondents expect their production level to fall or remain at the same level as compared to the same quarter of previous year.
- On an average, the industry is operating at a capacity of 60% and majority do not have plans to add further capacity over next six months.
- Scenario seems to be somewhat same on exports front also with 60% respondents reporting same or lower exports in July – September 2013 as compared to July – September 2012. In the current quarter, almost all respondents expect same or lower level of exports as compared to July – September 2012.
- Majority of the respondents expect to maintain their average inventory levels in October - December 2013 quarter.
- 60% respondents do not have any plans to hire additional workforce.
- The units in the sector are availing credit from banks in the range of 10-13%.
- The industry doesn't expect the manufacturing sector to revive in near future as most of them expect the sector to either slowdown further or continue to grow at the same level. The sector has suggested that following issues need to be addressed to revive industrial growth:
    - ✓ Improve liquidity in the market
    - ✓ Reduce interest rates & bring down inflation
- Some of the significant constraints for the sector are fall in domestic demand and uncertainty of economic environment.

Capital Goods

- The sector has not reported any revival in its production for July – September quarter 2013 vis-à-vis July – September 2012. 67% respondents reported either a fall in their production or same level of production.
- No major recovery is expected for October – December 2013 also as 70% respondents expect their production to either fall or remain same in the quarter. On an average the industry expects a fall of around 5% in its production.
- More than 55% respondents have reported that their order books are likely to remain at the same level as compared to July - September 2013 quarter.
- Currently, the capacity utilization in the sector as reported is hovering at 70% and for around 70% respondents the capacity utilization is same or less than that of previous year. Around 88% respondents reported that they do not have any plans to add capacity in next 6 months.
- For 45% of the respondents, exports were more in July - September 2013 vis-à-vis the same quarter last year. Another 33% reported same level of exports in this period. For October – December 2013 quarter, the expectation on exports front is mixed with half of the respondents expecting increase in exports and the other half expecting fall in exports vis-à-vis last year.
- Currently, 70% respondents expect to maintain same or more than their average inventory levels.
- Around 85% respondents in this sector indicated that they are not planning to hire new workforce.
- On an average, the industry reported to be availing credit at an interest rate of 12.75%.
- Capital Goods sector is not very hopeful of recovery in manufacturing growth rate with only 25% respondents expecting a revival in the sector. 45% respondents expect that the growth would further slowdown in the coming months. However, following steps, if taken, could revive growth:
  - ✓ Speedy clearances of projects particularly infrastructure projects
  - ✓ Disincentivising in import of second hand machinery

- ✓ Creation of R&D facilities for indigenous machinery development
- ✓ Curbing exchange range volatility
- ✓ Easing of monetary policy

- Increased competition faced from imports, uncertainty of economic environment, lack of domestic & export demand and volatility in prices of raw material are some of the important constraints for the sector which are affecting its growth.
- Industry feels that prices are under pressure and costs are going up due to depreciating rupee, increase in interest rates which is leading to reduced margins.

CEMENT

- Half of the respondents reported an increase in production in July- September 2013 vis-à-vis the same quarter last year. Scenario is likely to improve in October- December with two third of the respondents expecting increased production and higher growth compared to 2012.
- Almost all the respondents have reported that their order books are likely to see an upturn in October- December 2013 compared to the previous quarter.
- Capacity utilization stands at 73% in the cement sector, which is same as that of last year for 50% respondents and less than last year for another 33%. Majority of firms are not planning to add capacity in next six months. Cement firms are facing clearance problems from various Departments like Environment, Forest and Mining as a result of which not much capacity addition is expected.
- Cement exports have increased in July- September 2013 compared to last year. Exports are likely to be higher compared to last year in the next quarter also.
- For 50% of the respondents, inventory of raw material and finished goods for the current quarter i.e. October- December 2013 is same as their average inventory levels. For another 33%, inventory levels are lesser than their average inventory level indicating better sales.
- Almost all the reporting firms, except a few, in the cement sector are not planning to hire new work force in the next three months.

- While some of the cement producers are able to get credit from banks at 9% but for some rate of interest is as high as 15%.
- Around 50% of the respondents in the cement sector believe that the growth rate of manufacturing is likely to revive in next six months. Following are the suggestions for the Government to enhance growth of the sector:
  - ✓ Investment in the infrastructure sector is required to boost the demand for cement products and speed up the planned projects
  - ✓ Need to fast track pending project approvals
  - ✓ Interest rates need to be reduced
  - ✓ Ensure continuous power supply and fuel supply
- Deficiency of power is acting as a significant constraint for the sector. Other issues which are significantly affecting growth of cement sector are uncertain economic environment and lack of domestic demand. Some of the respondents reported inadequate availability of skilled labor as moderately affecting their growth.
- Respondents feel that Government should announce cuts in interest rates for housing loans and take steps for infrastructure development to boost the growth of manufacturing sector. Also, there is a need to provide land for setting up new units.

CHEMICALS SECTOR

- 67% of the respondents reported same or higher level of production in the quarter July-September 2013 vis-à-vis the same quarter last year. Scenario is likely to be better in the current quarter (October- December 2013) as all the respondents are expecting either same or higher production compared to last year.
- 56% respondents are expecting same number of orders in October- December 2013 as in July- September quarter. Whereas 22% of the respondents are expecting higher number of orders in October- December 2013, vis-à-vis July- September 2013.
- Capacity utilization stands at 78% in chemical sector. Current capacity utilization is same as last year for majority (77%) of the respondents. Over 80% manufacturers are not planning to add capacity in next six months as reported in the survey.

- In July- September 2013, 87% of the respondents reported either same or higher exports vis-à-vis last year. The growth in exports is likely to continue and scenario on exports front is not likely to change much in the current quarter as again 87% exporters are expecting either same or higher exports compared to the same quarter last year.
- 55% firms in Chemical sector reported having the average inventory level and only 25% reported having inventory less than the average level.
- Almost all the respondents are not planning to hire additional workforce in next 3 months.
- While some manufacturers in chemical sector are getting credit at 8% rate of interest but for others the rate of interest is as high as 14%.
- 78% respondents expect manufacturing sector's growth to remain at the same level in 2013-14 as in 2012-13. Following measures need to be taken by the Government to revive growth:
    - ✓ Interest rates to be brought down and liquidity to be improved.
    - ✓ Exchange rate needs to be stabilized and curb volatility in exchange rate
    - ✓ Improvement in infrastructure like ports, roads, and rail.
    - ✓ Fast track implementation of GST.
    - ✓ Need clarity and transparency in Government regulations on licensing and setting up of new facilities.
- High prices of raw materials- fuels and energy, lack of domestic demand and uncertainty of economic environment are significantly impacting the growth of chemical sector. Inadequate export demand and competition faced from imports are other major constraints faced by chemical sector.

Electronics & Electricals

- Most of the respondents reported lower production levels in July - September 2013 in comparison to the same quarter of last year. Outlook for current quarter has not changed much with majority expecting same production levels in October – December quarter vis-à-vis last year.

- Most of the respondents expect lower number of orders in October - December 2013 in comparison to July – September 2013. However, in some segments higher orders are there due to festive season.
- Current capacity utilization is in the range of 50-70% for electronics industry which is reported to be less than that of last year. Respondents do not have any plans to add any fresh capacity in next few months.
- Most of the respondents reported flat growth in exports in July – September and October – December 2013 quarters as compared to the respective quarters of last year.
- 60% respondents are maintaining their average inventory level currently.
- Majority of respondents are not planning to hire additional work force in next 3 months.
- Respondents in electronics sector don’t foresee any immediate revival in manufacturing sector’s growth.
- Hardening of raw material prices, lack of domestic demand, competition faced from imports and uncertainty of economic environment are significantly affecting the growth of this sector.

FMCG (Fast Moving Consumer Goods) including Food Processing

- 75% respondents in FMCG and food sector reported higher production levels in July-September 2013 compared to the same quarter last year. Rest of the respondents reported same production. Production is likely to grow in the range of 5-20% in October- December 2013 compared to the same quarter last year as all the respondents are expecting higher production.
- Order books of all FMCG and food firms are likely to witness a positive growth in October-December compared to the July- September quarter.
- Capacity utilization stands at 86% in FMCG and food sector and is more than that of last year for most of the firms. Also, all the FMCG respondents are planning to increase their capacity in next six months in the range of 5-25%.

- For 75% of FMCG and food processing respondents, exports were higher in July- September vis-à-vis the same quarter last year. In October- December 2013, again 75% respondents are expecting an increase in exports as compared to last year.
- 50% of the FMCG and food processing respondents are having higher inventory than their average inventory levels. Whereas inventories are lower than their average inventory for another 25% of respondents.
- 75% of the respondents in FMCG and food sector are planning to hire new workforce in next three months by 5-20%.
- FMCG and food sector reported to avail credit at the rate of interest ranging between 8.75 - 12.70%.
- FMCG respondents feel that manufacturing growth rate would remain at the same level or further slowdown in coming 6 months. But food processing firms are sanguine about the manufacturing growth. Following steps if taken could revive growth:
    - ✓ Road, Rail & Port facility to be improved.
    - ✓ Lower interest rates
    - ✓ Early implement of GST
    - ✓ Labour reforms
- 75% firms in the FMCG and food products sector are facing constraints in production since raw material prices are very high. Deficiency of power, labour related issues, lack of domestic demand, shortage of working capital for day to day operations, competition faced from Imports, availability of skilled labour and uncertainty of economic environment are other constraints faced by FMCG and food producers.

LEATHER AND FOOTWEAR

- Production for an overwhelming 83% respondents from Leather and Footwear sector was reported to be higher in July- September 2013 compared to the same quarter last year. Leather sector is likely to see growth in the current quarter (October- December) 2013 as well as over 80% respondents expect higher production level vis-à-vis October- December 2012. Production is likely to increase by over 10%.

- Order books of 80% of the respondents are likely to remain same or increase in October-December 2013 compared to previous quarter.
- The average capacity utilization in this sector is reported to be 71% in July- September 2013. Most of the respondents have reported that capacity utilization is more vis-à-vis last year. 50% of the respondents are planning to add capacity in next six months and addition is likely to be in the range of 10 – 30%. Leather and Footwear producers are having following issues in capacity addition:
    - ✓ Shortage of working capital finance
    - ✓ Inadequate power
    - ✓ Shortage of manpower, both skilled and semi-skilled

- During July- September 2013, exports of 60% of the respondents registered a growth. Scenario is likely to improve in October- December 2013 quarter as almost all respondents are expecting either higher or same exports vis-à-vis the same quarter last year.
- 83% of the respondents reported inventory levels higher than their average inventory levels.
- 50% of the firms in the leather sector reported that they are planning to expand their workforce in next three months.
- Leather sector manufacturers reported getting credit at the rate of 12.25-15%.
- Two third respondents in the sector feel that growth in manufacturing sector would remain at the same level, rest of the respondents are hopeful that it would revive in coming months of 2013-14. However, following steps may help the sector to come out of recession:
    - ✓ Easier credit facility with lower interest rates.
    - ✓ Improve existing infrastructure especially ports.
    - ✓ Increasing liquidity in the system.

- Firms in leather and footwear sector are significantly constrained by high prices of raw materials, shortage of finance and uncertainty of economic environment. Other factors acting as impediments for leather sector are deficiency of raw materials, deficiency of power, labour issues, lack of domestic and export demand, competition faced from Imports and availability of skilled manpower for their operations.

Machine Tool Industry

- Most of the respondents reported lower levels of production in July - September 2013 quarter as compared to previous year. The fall is reported to be in the range of 2-5% as compared to July - September 2012. But, in the current quarter i.e. October - December 2013, respondents are expecting same level of production as compared to the same quarter of previous year.
- Respondents have also reported that their order books are expected to remain at the same level for the quarter October - December 2013 compared to July - September 2013.
- However, scenario is likely to be better on exports front. Majority of the respondents reported that exports for July - September 2013 and October - December 2013 are likely to be higher as compared to the corresponding quarters of the previous year.
- Majority of the respondents believe that the growth rate of manufacturing sector is going to remain at the same level in coming months.
- Some of the significant constraints for this sector are shortage of working capital finance, deficiency of power, lack of domestic demand, competition from imports, lack of skilled labour and uncertainty of economic environment.

Metal and Metal Products

- 75% respondents reported higher or same levels of production in July - September 2013 quarter as compared to same quarter of previous year. Similar situation seems to be prevailing for October – December 2013 quarter also. Overall, 25% respondents are expecting to witness lower growth in the current quarter vis-à-vis October – December 2012.
- Approximately, 67% respondents are expecting same number of orders in the quarter October - December 2013 compared to the last quarter (i.e. July - September 2013).

- Currently, the industry is operating at an average capacity utilization of 70% and for 75% respondents it is more or same as compared to last year. Around 90% respondents reported that they are not planning to increase their capacity in next 6 months. Some of the problem areas mentioned by the industry were:
    - ✓ Shortage of power
    - ✓ Slowdown in demand for alloy steel
- In July - September 2013 quarter, 55% respondents have reported higher levels of exports vis-à-vis July - September 2012. In the current quarter also, more than half respondents expect higher exports as compared to the same quarter last year.
- 70% respondents reported that they expect to maintain average inventory levels for October - December 2013. However, around 25% respondents expect inventory pile up in the current quarter.
- 90% respondents reported that they do not have any plans to hire new workforce in next 3 months.
- On an average, the respondents reported to be availing credit from the banks at over 13% p.a. rate of interest.
- Close to 67% respondents feel that growth rate will remain at the current levels in coming months. However, the industry suggested the following to revive growth of the sector:
    - ✓ Improve power availability to the industry
    - ✓ Ensure working capital limits at competitive rates
    - ✓ Reduce the interest rate, power rates and address issues of cenvat accumulation.
    - ✓ Incentivize environment friendly metal packaging.
    - ✓ Increase pace of infrastructure development
- Most of the respondents feel high prices of raw materials, lack of domestic demand and uncertainty of economic environment as the most important constraints for the industry.

Paper

- In July- September 2013, production for paper sector was more than that of last year. Production is likely to be higher in the current quarter, October- December 2013 and register a higher growth vis-à-vis October- December 2012.
- Order books of paper manufacturers are likely to show an improvement in October- December 2013 as compared to July- September 2013 quarter.
- Capacity utilization as reported stands at 88% in paper sector which is the same or more than that of last year for all the producers. Also, most of the producers are not planning to expand their capacity in next few months.
- For half of the paper producers, exports were lower in July- September 2013 as compared to the same quarter last year. For other half, exports were higher in July – September 2013. Exports are likely to grow in October- December as all the respondents in this sector are expecting either same or higher exports than last year.
- The inventory level of paper producers is same as their average inventory level.
- 50% respondents in the paper industry are not planning to hire workforce in near future, with the other half expecting to expand their workforce.
- Paper manufacturers reported to be availing credit at around 12% rate of interest.
- Paper manufacturers expect the same level of manufacturing growth in 2013-14. It has suggested that lower interest rates with stabilization of currency can revive manufacturing sector's growth.
- Deficiency of raw materials, high prices of raw materials and labor issues are significantly constraining paper manufacturers. Competition faced from imports, uncertainty of economic environment and availability of skilled labor are other issue faced by the paper industry.

TEXTILES

- In the quarter July- September 2013, 52% respondents reported a rise in their production levels vis-à-vis the same quarter last year. In October- December 2013, again more than 50% respondents are expecting higher production.
- In October- December 2013, 52% of textile firms are expected to have higher number of orders vis-à-vis July- September 2013.
- Average capacity utilization is hovering around 78% in the textiles sector with 32% of the respondents operating at a capacity more than that of last year. Also, majority of respondents (64%) are not planning to increase their capacity in next 6 months but a few are planning to increase their capacity. Firms in textiles sector are facing the following problems in capacity addition:
    - ✓ Rising cost of capital
    - ✓ Steep and frequent changes in raw material and final product prices
    - ✓ Shortage in power and high power tariff
    - ✓ Low demand
- Majority of the respondents (73%) have reported that their exports in July- September 2013 were higher or same as the same quarter last year. Scenario is likely to improve in the current quarter as 95% respondents are expecting either higher or same level of exports vis-à-vis the year ago quarter.
- For 60% respondents, inventory level is same as their average inventory level. For another 28% of the respondents, current inventory levels are lower than their average inventory levels, indicating better sales of their products.
- 68% of the respondents in the textiles sector are not planning to hire new workers in the next three months and rest of the respondents in the textiles sector who are planning to hire new workforce are thinking of increasing their manpower by 2-30%.
- Some textile companies are availing credit at a rate of 10% whereas for others the rate of interest is as high as 15-16%.

- 64% respondents are expecting manufacturing growth to further slow down or remain at same level but they feel the following measures if looked into could enhance growth:
  - ✓ Availability of credit at lower interest rates.
  - ✓ Need to have open access for power purchase in all States.
  - ✓ Provide worker housing: bring out the policy for workers' housing.
  - ✓ Amend labour laws to make them industry friendly.
  - ✓ Need to have a strong focus on improving infrastructure & utilities.
  - ✓ Create business friendly environment to attract investment.
  - ✓ Need to stabilise currency.
  - ✓ Excise duty on manmade fibres to be brought down and attain fibre neutrality.

- Units in the textiles sector are significantly affected by high prices of raw materials, deficiency of power and uncertainty of economic environment. Other issues faced by textile sector are labour related issues, shortage of finance, shortage of domestic and export demand and availability of skilled manpower.

Textile Machinery

- Almost all the respondents in textile machinery sector have reported a turn around in production for July – September 2013 quarter vis-à-vis same quarter in 2012. The situation seems to be continuing prevailing in the current quarter i.e. October - December 2013 also. The increase in production is expected to be around 5-10 %.
- Though, no change is expected in the order books of most of the respondents in October - December 2013 as compared to July – September 2013 quarter.
- The current capacity utilization in the sector is in the range of 50-70% which is same as that of last year for most of the respondents. Also, most of the respondents do not have plans to add capacity in next six months.
- On export front also majority of the respondents have reported an increase of about 3-5 % for July - September 2013 quarter as compared to same quarter in 2012. In October -

December 2013 quarter, the sector expects increase of 5-10% in exports as compared to same quarter in 2012.

- Most of the respondents expect to maintain same or higher inventory levels than the average level during October – December 2013.
- Most of the respondents have reported that they have no plans to hire new workforce in next 3 months.
- Majority of the respondents in the sector believe that growth rate of manufacturing sector is going to remain at the same level for next few months.
- Some of the major challenges for this sector are increased competition faced from imports and lack of skilled labour.

Tyre Industry

- For July – September 2013 quarter, most of the respondents expect same level of production as of July – September 2012. However, some producers expect an increase of 2-3% in production. The situation is likely to prevail in the October – December quarter as well.
- On an average, the capacity utilization in tyre industry is in the range of 50-70%. It is less than that of last year for most of the respondents. Also, majority of respondents are not planning to add capacity in next 6 months. The industry has attributed it to the slowdown in the economy and the auto sector in particular which has resulted in under utilization of existing tyre capacities in the country
- The situation seems to better on exports front with majority of the respondents reporting an average increase of 10% for July – September 2013 quarter as compared to same quarter in 2012. In October – December 2013 quarter also, tyre manufacturers expect higher level of exports as compared to same quarter of 2012. The anticipated rise is around 7-8%.
- The inventory levels of tyre manufacturers are more than their average inventory levels in October – December 2013.
- The tyre industry is not planning to hire additional workforce in next 3 months.

- On an average the tyre industry reported to be availing credit at 11% p.a.
- Most of the respondents in the sector believe that manufacturing growth rate is expected to remain at same level in the coming months and to revive growth, the industry has suggested introducing stimulus package to rejuvenate the industry, particularly the OEM segment. Polices such as excise duty benefits or replacement of decade old vehicles with new ones (which also increases fuel efficiency and safety) will help in uplifting the sentiments and industry.
- Tyre sector is significantly constrained by competition faced from imports, deficiency of raw material, low domestic demand and uncertainty in economic environment.