

PRESS RELEASE

Manufacturing sector sees winds of change: FICCI – PwC Strategy& Survey

- **58% of CXOs are ‘somewhat optimistic’ about the short term prospects of the Indian economy**
- **Respondents from the auto, capital goods & heavy equipment, cement and paper industries have a moderately optimistic growth outlook for their sector over the next 6–12 months**
- **85% of the CXOs interpret the initiative as production in India, either by Indian companies or by MNCs, and not just as a marketing campaign, or improvement in the ease of doing business**

New Delhi, February 9, 2016: That India is a bright spot in the context of global economic growth scenario has been acknowledged by the World Bank and International Monetary Fund (IMF). According to the FICCI – PwC Strategy& Survey: India Manufacturing Barometer – Winds of Change, majority of the respondents agreed that growth would be in the range of 7–8% in India.

Of the CXOs surveyed, 58% believed that the Indian economy has witnessed moderate economic growth, while on the condition of the world economy, 42% said they saw no noticeable change, with an additional 34% believing it is in a state of moderate economic decline. In comparison, in last year’s Manufacturing Barometer survey, only 1% of the CXOs believed that the world economy as being in a state of moderate economic decline. Looking forward, 58% are somewhat optimistic of the prospects of the Indian economy for the coming year.

Mr. Harshavardhan Neotia, President, FICCI said, “Despite uncertain global economic environment, Indian economy is on the path of recovery pointing toward resilience of the economy. The Indian manufacturing sector has shown signs of recovery despite the manufacturing growth in other emerging economies slowing down. The Government has taken various initiatives in the last few months to make India an attractive destination for investment. These initiatives are yielding results and we are hopeful of a more stable and stronger growth of manufacturing in coming months. However, to revive domestic investment Government needs to announce more reforms and measures in the forthcoming budget to make the overall investment scenario more optimistic.”

Bimal Tanna, leader – Industrial Products at PwC India said, “While the economies in China, Europe and Latin America seem to be slowing down and the US economy seems to be recovering slowly, India is acknowledged all across as the bright spot in the global economy; this is indeed the time for the Indian manufacturing sector to make a global impact. We believe the Make in India initiative will be a significant enabler and add speed to the momentum of

helping the manufacturing sector move up to the next level of growth. While infrastructure challenges and regulatory issues may take some time to be sorted out and, being part of the inter-connected world, the Indian manufacturing sector will not be entirely insulated from developments across the globe, given that the India growth story remains intact, the sector is expected to do well for itself by focusing on the large domestic market, building world class competencies, improving internal efficiencies and generally working closely with the government in making it easier to do business in India.”

While the outlook for the Indian economy remains positive, companies are demonstrating cautious optimism and indicating that their position on demand and investments could change depending on the global scenario. Expectedly, respondents were neutral to moderately optimistic about the industry outlook for the next 6–12 months. Further, there are signs that companies would rather wait and watch than go in for largescale expansion. They are also expecting policy reforms in the form of implementation of GST, land and labour reforms, and large investments in the infrastructure sector, besides deregulation.

Nilesh Narwekar, Partner, at PwC’s Strategy& said, “The Manufacturing Barometer survey has thrown up results which are in line with what I hear from my clients. All of them are ever watchful of the global and Indian economic conditions, as well as government actions, although they could be impacted in different ways on the demand side or on the input side, with resulting outcomes on revenue growth or gross margins. Companies are appropriately revising their strategies, while being mindful of the capabilities they possess or wish to acquire.”

Web link of India Manufacturing Barometer report/survey:
<http://ficci.in/publication-page.asp?spid=20695>

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