



**Business Confidence Survey
May 2023**

Business Confidence Survey

Summary

**Overall Business Confidence Index improves for second consecutive quarter
The index value reported at 62.4 in the current survey, vis-à-vis 61.0 last time
Credit costs emerging as a stress point for participants**

- The latest round of FICCI's Business Confidence Survey reported an improvement in the optimism level of members of India Inc. The Overall Business Confidence Index stood at 62.4 in the current round as compared to 61.0 in the previous survey round –backed by an improvement in both current conditions as well as expectations.
- The Current Conditions Index increased from a value of 53.8 in the previous survey to 56.0 in the latest round; while the Expectations Index increased from a value of 64.6 last time to 65.6 in the present round.
- The results pertaining to near term outlook of respondents on operational parameters were a mixed bag. While improvement was noted in the prospects pertaining to profits and investments; the expectation of a better performance pertaining to sales and employment noted a moderation. The softening in raw material prices is probably supporting the profit margins. On export front, not much change in the situation was noted. The external demand has been flagging with global uncertainties remaining on fore – and impacting India's outbound shipments.
- 44% of the participating companies anticipated an increase in **investments** over coming six months in the latest survey as compared to 41% respondents reporting likewise in the previous survey round.
- About 53% of the participating companies anticipated an increase in **sales** over next two quarters, lower than 57% respondents citing the same in the previous survey round.
- In the current survey, 31% of the respondents expected **profit** levels to be higher over next two quarters – this was marginally higher than 29% participants stating likewise in the previous round.
- 36% respondents cited **hiring** new employees over the next six months in the latest survey, a decline compared to 41% participating companies stating the same in the previous round.
- In the latest survey, 32% respondents said that they foresee much higher-to-higher **exports** over next two quarters – reporting no change from the previous round of the survey.
- The latest survey results reported weak demand and credit costs as key constraining factors for businesses.

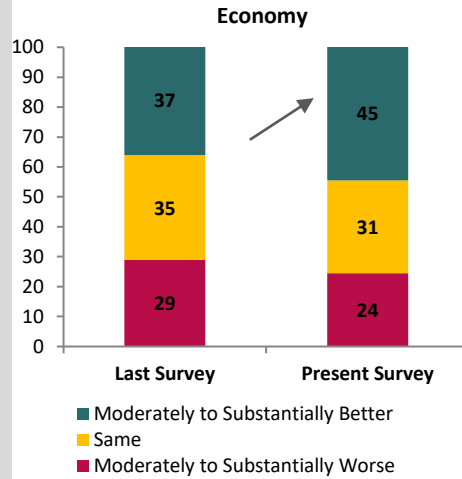
Business Confidence Survey

Summary

- In the current survey, 66% respondents said that they see weak demand as a bothering factor for their businesses – vis-à-vis 63% stating the same in the previous round.
- Rising raw material prices which had been one of the key sources of concern for the industry over the past year, seems to be ebbing. The percentage of respondents citing raw material prices as a bothering factor for businesses has noted a visible moderation.
- However, the hawkish stance of the Central Bank continued to reflect in the credit costs emerging as a stress point for companies. In the present survey round, 56% respondents indicated cost of credit to be a worrying factor – vis-à-vis 55% stating the same in the last round and about 39% a year back.

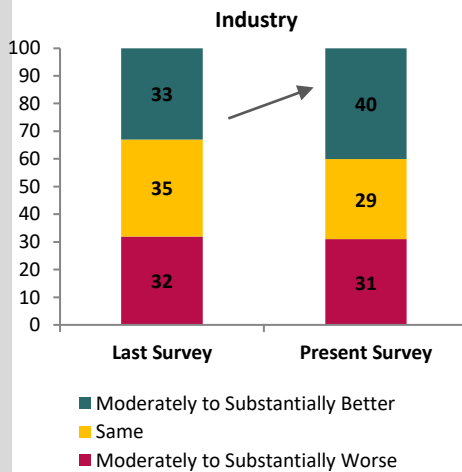
Business Confidence Survey

Current conditions vis-à-vis last six months



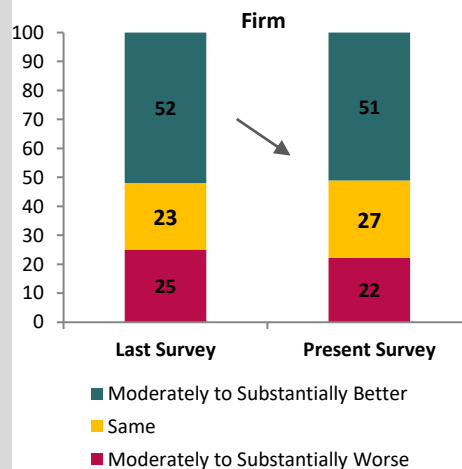
FICCI's latest round of Business Confidence Survey indicates an improvement in overall current conditions relative to last six months at all the economy and industry level.

In the latest round, the proportion of participants citing current economic conditions as 'moderately to substantially better' compared to previous six months noted an increase to 45%, vis-à-vis 37% respondents stating likewise in the previous round.



At industry level, about 40% of the participants reported 'moderately to substantially better' current conditions vis-à-vis last six months, relative to 33% in the last round.

At firm level, 51% respondents cited current conditions as 'moderately to substantially better' vis-à-vis last six months. This was almost same as 52% participating companies reporting likewise in the last survey.



Furthermore, a marginal decline was observed in the proportion of respondents citing current conditions to have deteriorated.

Business Confidence Survey

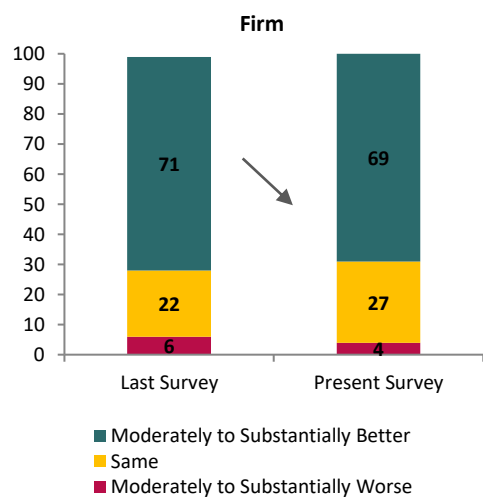
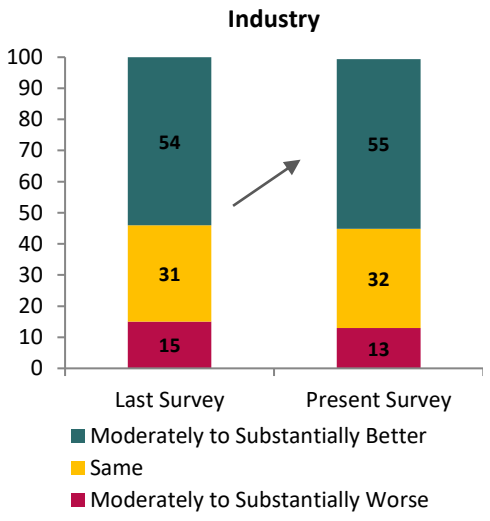
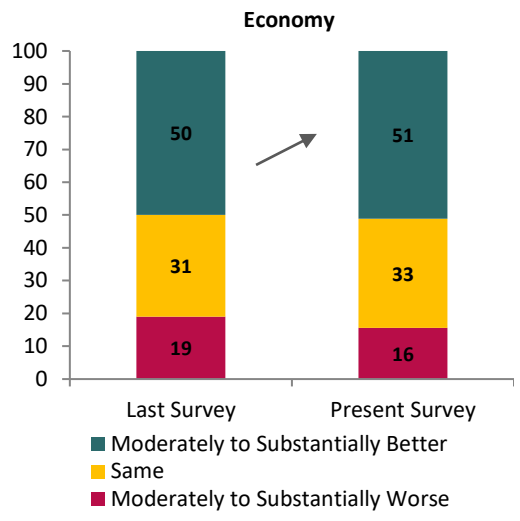
Expected conditions over next six months

The latest survey results indicate only a marginal improvement in the expectations of the respondents at the economy and industry level.

At the economy level, the proportion of respondents foreseeing 'moderately to substantially better' performance over next six months increased marginally to 51% from 50% in the previous survey. Those expecting economy-wide conditions to deteriorate in the next six months declined to 16% in the current round from 19% in the previous round, while 33% participants expected no change in conditions.

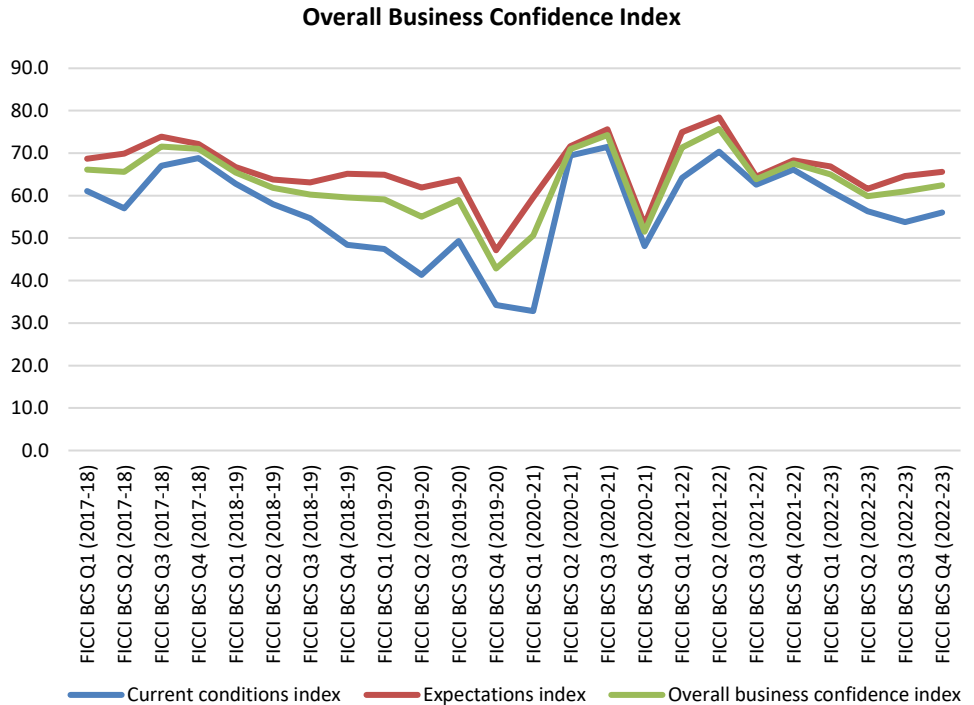
Further, 55% of the surveyed companies reported that they expect an improved performance over next two quarters at the industry level. This was only a marginal change from the last round when 54% of respondents had reported the same. However, the proportion of respondents anticipating conditions to worsen over next six months declined marginally to 13% in the present round, from 15% in the previous survey round.

However, at firm level, the proportion of participating companies that were hopeful of better prospects over the next two quarters witnessed moderation - from 71% in the previous round to 69% in the latest survey. Those expecting no change in the conditions increased a tad to 27% in the present round from 22% last time.



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Business Confidence Index



In the current survey round, an improvement has been noted in the confidence levels of corporate India for the second consecutive quarter. The Overall Business Confidence Index stood at 62.4 in the present survey round as compared to a value of 61.0 in the last round.

The values of both current conditions index and the expectations index reported an improvement.

The Current Conditions Index increased from a value of 53.8 in the previous survey to 56.0 in the latest round; while the Expectations Index increased from a value of 64.6 last time to 65.6 in the present round.

Business Confidence Survey

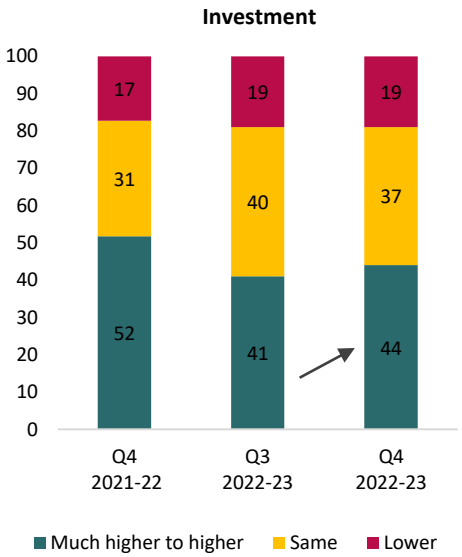
Operational Parameters

Investments

(Proportion of respondents)

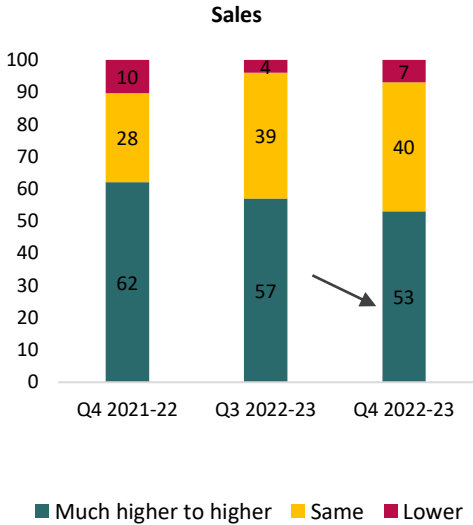
The proportion of respondents citing 'higher to much higher' investments in the coming six months noted a marginal improvement in the latest round.

About 44% of the participating companies anticipated an increase in investments over coming six months in the latest survey as compared to 41% respondents reporting likewise in the previous survey round; while 37% participants expected no change in investment levels.



(Proportion of respondents)

Sales



The latest survey results report a moderation in the outlook regarding sales prospects. About 53% of the participating companies anticipated an increase in sales over next two quarters, lower than 57% respondents citing the same in the previous survey round. Another 40% of the participants expected sales to remain same in near future, while those expecting sales level to decline was about 7%.



Business Confidence Survey

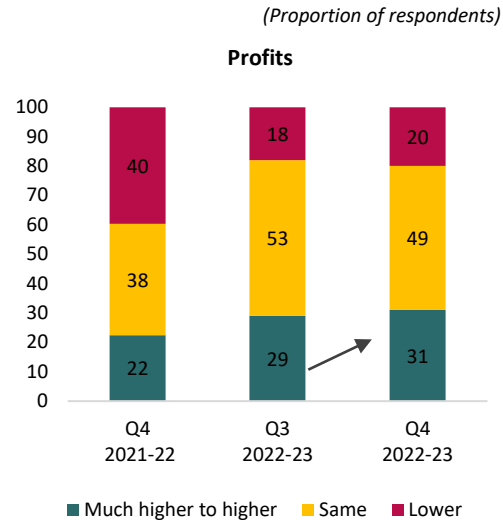
Operational Parameters

Profits

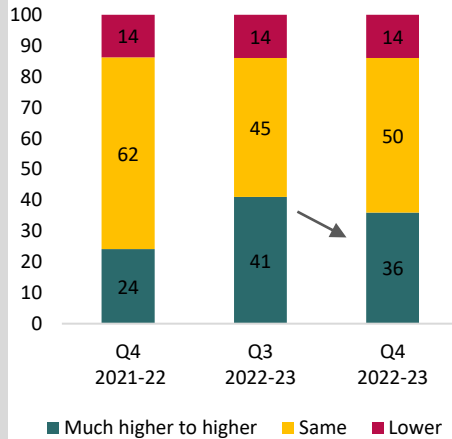
In the current survey, 31% of the respondents expected their profit levels to be higher over next two quarters – this was close to 29% participants stating likewise in the previous round.

Further, 49% of the companies expected no change in their profit levels over the coming six months; while about 20% participants said that they foresee lower profits over the near term.

(Proportion of respondents)



Employment



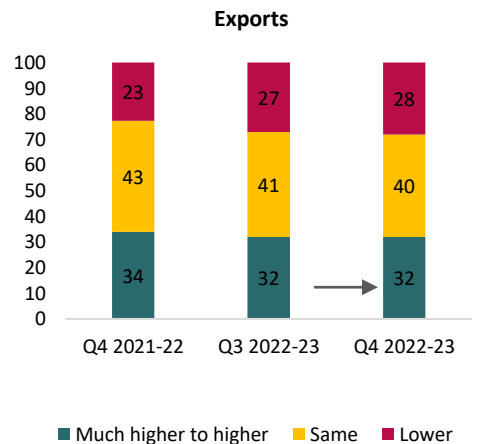
Employment

In the present survey round, employment outlook of businesses noted a moderation. According to the current survey, 36% respondents cited hiring new employees over the next six months, a decline compared to 41% participating companies stating the same in the previous round. A majority 50% of the participants anticipated no change in the hiring levels.

(Proportion of respondents)

Exports

In the latest survey, 32% respondents said that they foresee much higher-to-higher exports over next two quarters – reporting no change from the previous round of the survey. A marginal fall was noted in the proportion of participants foreseeing export levels to remain the same, while 28% of the businesses anticipated lower export in near future.



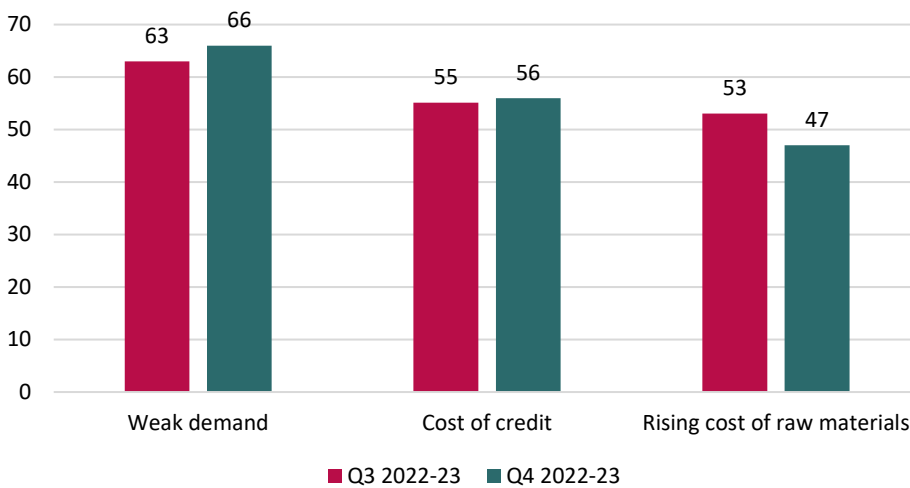
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Constraining Factors

Major Constraining Factors for Businesses

(Proportion of respondents)

Factors affecting business



In the current survey, 66% respondents said that they see weak demand as a bothering factor for their businesses – vis-à-vis 63% stating the same in the previous round.

Further, rising raw material prices which had been one of the key sources of concern for the industry over the past year, seems to be waning off. The percentage of respondents citing raw material prices as a bothering factor for businesses noted a moderation to 47% in the present survey from a little over half of the participants stating likewise in the last round.

However, the hawkish stance of the Central Bank reflected in the credit costs emerging as a stress point for companies. In the present survey round, 56% respondents indicated cost of credit to be a worrying factor – vis-à-vis 55% stating the same in the last round and 39% about a year back.

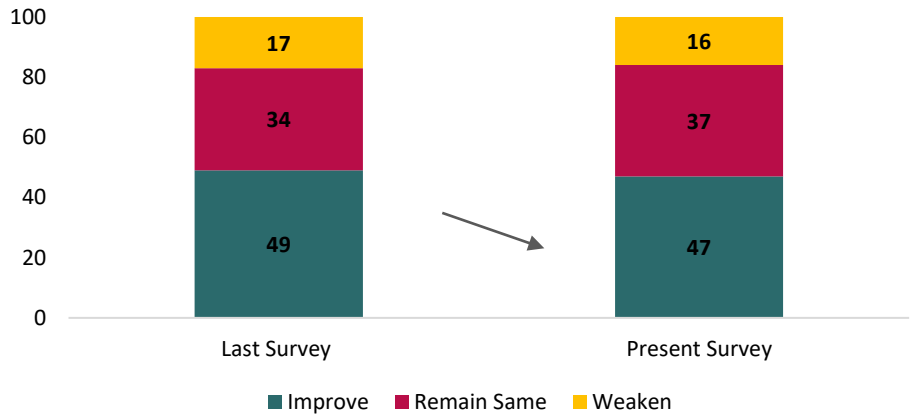
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Expected Order Book Position

Proportion of respondents anticipating better order books over next six months noted a marginal decline in the present survey round to 47% from 49% participants citing likewise in the last round. About 37% companies expected their order book position to remain the same in the coming six months vis-à-vis 34% in the previous round.

(Proportion of respondents)

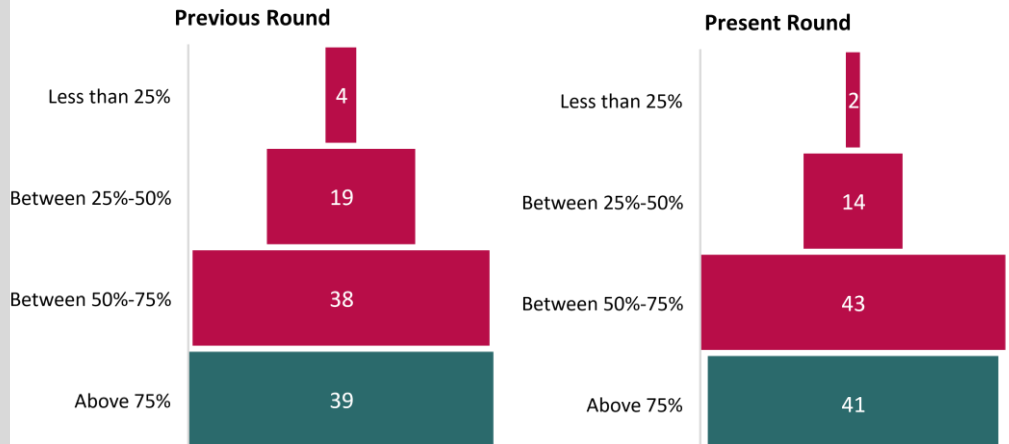
Expected order book position over next two quarters



Capacity Utilization

In terms of capacity utilization, there was an increase in the proportion of respondents citing a capacity utilization rate between 50% to 75% - 43% of the participants companies cited the same in the current survey, vis-à-vis 38% in the last round. The respondents indicating a capacity utilization rate of over 75% also increased marginally to 41% in the current round compared to 39% in the previous survey round.

(Proportion of respondents)



Business Confidence Survey

Survey Profile

The survey drew responses from about 150 companies with a turnover ranging from Rs 1 crore to Rs 7,000 crore and belonging to a wide array of sectors. The survey gauges expectations of the respondents for the period April 2023 to September 2023.

Broad Sectoral Coverage			
Agricultural Equipment	Textile/Apparel	Gems & Jewellery	Energy
Information Technology	Plastics	Metals & Machinery	Electronics & Electricals
Food Processing	Pharmaceutical	Travel & Tourism	Banking & Financial Services

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