

Business Confidence Survey
October 2025

Business Confidence Survey

Summary

Overall Business Confidence Index improves to 67.8 in the latest survey round vis-à-vis 65.5 in the previous round

- The latest round of FICCI's Business Confidence Survey reflects a continued improvement in the optimism of India Inc. The Overall Business Confidence Index rose to 67.8 in the current round, up from 65.5 in the previous survey. This uptick was supported by gains in both the overall Current Conditions Index, which increased to 62.3 from 61.7, and the Expectations Index, which rose to 70.5 from 67.5 .

- Regarding the current situation, respondents expressed mixed sentiments across the economy, industry, and firm levels. However, businesses remained optimistic about their expectations over the next six months at all levels.

- Operational parameters presented a mixed outlook. Expectations for sales and profits strengthened, with 62% of firms anticipating higher sales (up from 58%) and 35% expecting higher profits (up sharply from 23%). However, investment and employment intentions softened: the share of firms projecting higher investments fell from 56% to 46%, while those expecting increased employment declined from 42% to 34%. Export expectations remained broadly stable at 33%, compared to 32% in the previous round.

- Order books showed improvement, with 63% of respondents expecting higher orders over the next six months—an increase from 56% in the previous round. Meanwhile, the share of firms anticipating unchanged orders declined to 31%, from 40% earlier, indicating a more positive demand outlook.

- Demand conditions and external risks remained key constraints. Weak demand continued to be the most cited challenge, flagged by 55% of respondents (marginally up from 54%). Concerns around exchange rate volatility rose notably, with 43% of businesses identifying it as a constraint, compared to 35% previously. In contrast, worries about the cost of credit eased substantially: only 24% of firms now consider it a constraint, down from 40%, reflecting the positive impact of the 125-basis-point repo rate cut implemented during the year.

- The GST rationalization implemented on September 22, 2025—merging the 12% slab into 5% and the 28% slab into 18%—is designed to stimulate consumption and streamline compliance. When asked about its expected impact on demand over the next three months, 76% of businesses anticipated a decent uptick of up to 5%, while 18% projected stronger gains. Another 6% expected any adverse effect. Overall, firms conveyed a broadly optimistic outlook, viewing the revised structure as supportive of demand and operational ease in the near term.

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Summary

- With the **Union Budget 2026–27** approaching, participating businesses were invited to outline the policy measures they believe would most effectively strengthen confidence, spur investment and support sustainable growth. Their expectations centered on a few core reform priorities.

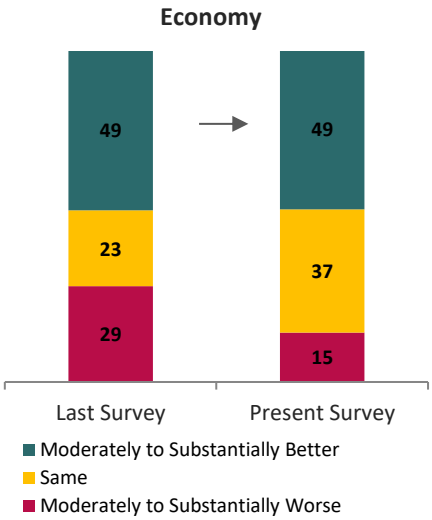
i. **Boosting Manufacturing Competitiveness:** Firms recommended widening the scope of PLI scheme to additional components and emerging technologies, along with sustained incentives for sunrise sectors such as green technologies, advanced manufacturing and electronics.
ii. **Ease of Doing Business:** Businesses proposed a tolerance margin for minor filing errors (such as within 5%), deeper digitalization and simpler procedures, and a risk-differentiated compliance framework to reward firms with strong track records.
iii. **Critical Minerals & Resource Security:** Respondents called for faster clearances for newly auctioned mineral blocks, dedicated financing windows—featuring lower interest rates, longer moratoriums and VGF—to support mine-waste recovery, and innovation-linked incentives for secondary mineral-recovery technologies.
iv. **Tax Rationalization:** Companies emphasized correcting inverted duty structures by aligning GST and customs across value chains, and SEZ units suggested a "duty-forgone model" for domestic sales to ensure parity with zero-duty FTA imports.
v. **Broader Business Priorities:** Key expectations included improved access to affordable capital for MSMEs, faster privatization of financially stressed PSUs, predictable and competitive energy pricing with stronger renewable-energy support, and continued public investment in logistics, transport and energy systems to reduce structural costs and attract private investment.

- India's expanding network of Free Trade Agreements (FTAs) is reshaping the country's external engagement, unlocking new pathways for trade, investment and industrial growth. With negotiations underway across nearly 50 countries, businesses were asked to share the opportunities they expect to emerge from this evolving FTA landscape. Respondents pointed to **enhanced market access**, wider international visibility for Indian products and **improved security of critical minerals** vital for renewable energy, electronics and electric mobility. They also anticipated gains from lower duties on essential components, **enhanced access to advanced technologies** and **greater investment inflows**, including long-term commitments (e.g. from EFTA countries). Broader economic benefits—ranging from **stronger economic activity to increased employment**—were likewise highlighted.

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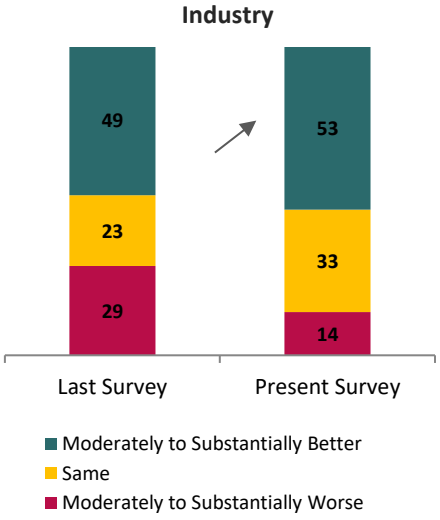
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Current conditions vis-à-vis last six months



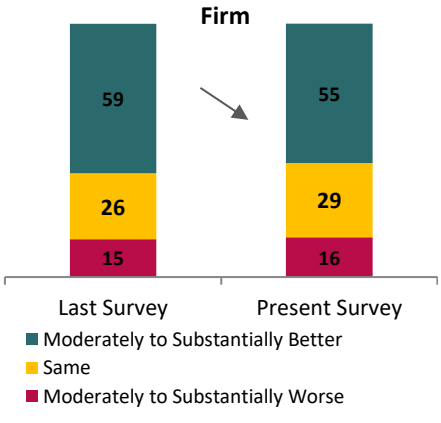
The latest round of FICCI's Business Confidence Survey depicts mixed trends in overall current conditions relative to last six months.

At the economy level, the proportion of participants citing current conditions as 'moderately to substantially better' compared to previous six months remain constant at 49%. On the other hand, the proportion of participants reporting no change in current conditions vis-a-vis previous six-month increased to 37% in the present round, vis-à-vis 23% last time.



The sentiments regarding the situation at industry level were reported to be favorable, with about 53% respondents expressing an improvement in their sector performance compared to 49% in the previous survey.

At the firm level, 55% respondents cited current conditions as 'moderately to substantially better' vis-à-vis last six months, which was lower than 59% participants citing the same in the previous round. Furthermore, an increase was reported in the percentage of participants expecting the situation at firm level to remain the same.



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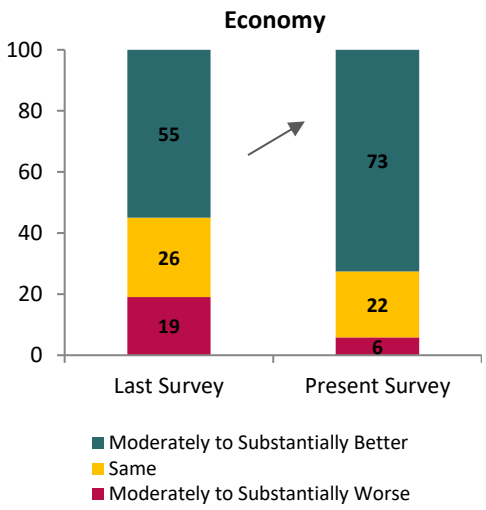
Expected conditions over next six months

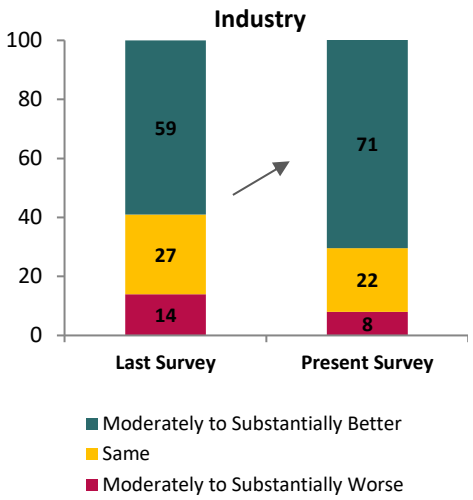
With regard to expected conditions over next six months, the survey results indicated signs of buoyancy at all the three levels-economy, industry, and firm.

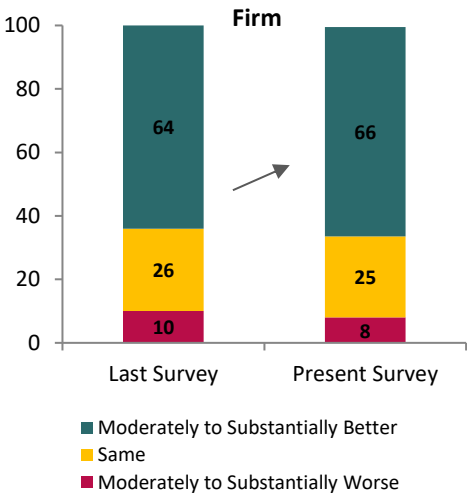
At economy level, the proportion of respondents anticipating 'moderately to substantially better' performance over next six months improved to 73% in the present round compared to 55% reporting likewise last time. Further, the percentage of participants expecting economy-wide conditions to worsen over the next two quarters fell to 6% in the current survey, while 22% of the respondents expected no change in the situation.

At industry level, 71% of the surveyed companies reported that they expect a better performance over next two quarters compared to 59% respondents stating same in the previous round. The proportion of respondents citing conditions to deteriorate over next six months declined to 8% in the present round, vis-à-vis 14% in the previous survey round.

Further, the proportion of participating companies' hopeful of better prospects in the next six months at the firm level also witnessed an uptick from 64% in the last survey round to 66`% in the present round. Those expecting conditions to remain the same, moderated marginally to 25% in the present round from 26% in the last survey



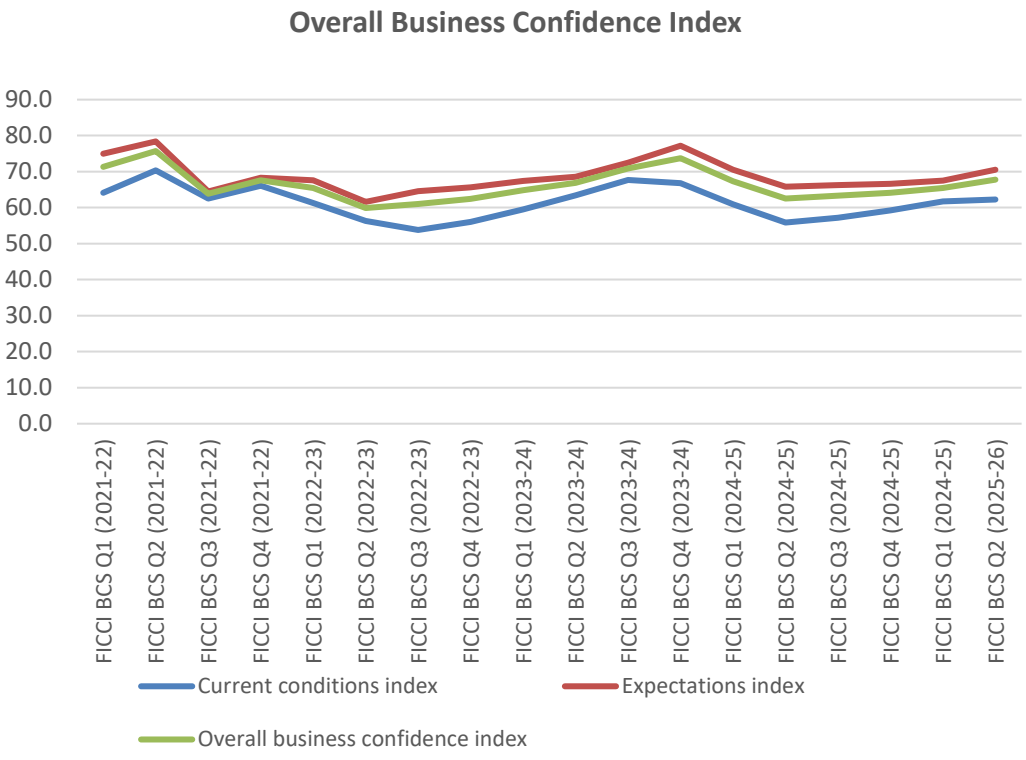




The expectations of respondents regarding performance over coming two quarters witnessed improvement at all the three levels

Business Confidence Survey

Business Confidence Index



…Overall Business Confidence Index improved to 67.8 vis-à-vis 65.5 in the previous round…

The current survey round reflects a further improvement in the optimism levels of corporate India. The Overall Business Confidence Index rose to 67.8, up from 65.5 in the previous round.

This improvement was driven by an uptick in both the near-term expectations of respondents and their assessment of prevailing conditions. The Current Conditions Index increased to 62.3 in the latest round, compared to 61.7 in the previous survey. Similarly, the Expectations Index rose to 70.5 from 67.5 in the last round.

Despite prevailing global economic uncertainties, domestic growth continues to exhibit resilience, as evident in six-quarter high growth of 8.2% registered in Q2 2025-26. Going forward, good rabi prospect, benign inflationary pressures, GST rationalization effect, healthy balance sheets , ongoing initiatives on overall reforms front are expected to continue supporting the strong growth momentum in the remaining part of the current fiscal.

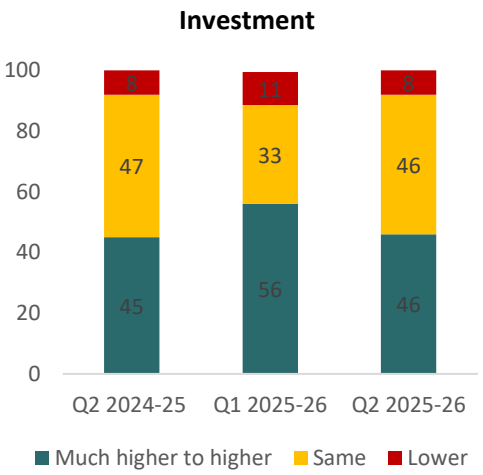
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Operational Parameters

Investments

46% of the participating companies anticipated an increase in investments over coming six months in the latest survey as compared to 56% respondents reporting likewise in the previous survey round. An equivalent 46% participants expected no change in investment levels.

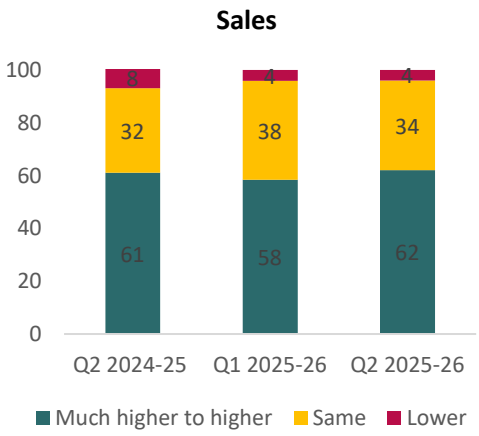
(Proportion of respondents)



Investment outlook sees moderation in optimism…

Sales

(Proportion of respondents)



The latest survey results report an improved outlook for sales in the coming six months. A notable 62% of the participating companies anticipated an increase in sales over next two quarters, vis-à-vis 58% respondents citing the same in the previous survey round. While 4% of the participants expected sales to be lower in near future, the proportion of those expecting sales to be same dropped marginally to 34% from 38% respondents saying likewise in the previous round.

…conversely sales prospects note an uptick …

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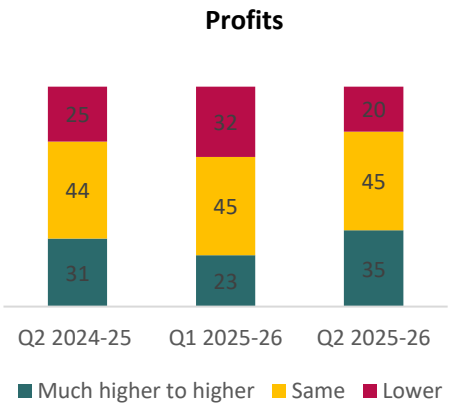
Survey results indicate improvement regarding outlook on profits and exports, while employment prospects witness a moderation

Operational Parameters

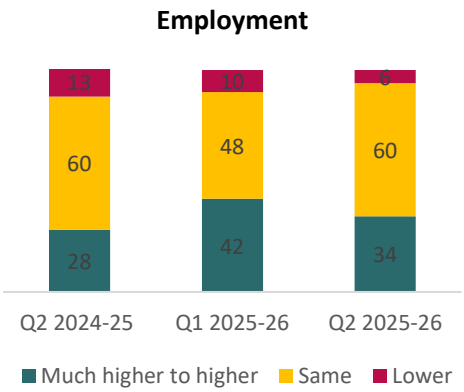
Profits

35% of the respondents expected their profit levels to be higher over the next two quarters– an improvement from the 23% participants stating likewise in the previous round. 45% of participating businesses expect no change in their profit levels over the coming six months; while about 20% participants cited lower profits over the near term.

(Proportion of respondents)



(Proportion of respondents)



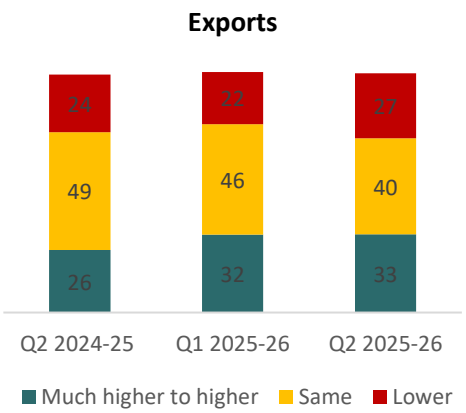
Employment

In the present survey round, employment outlook of businesses noted a moderation. 34% respondents cited increase in hiring new employees over the next six months in the current survey round, lower than 42% respondents stating the same in the previous round. A majority 60% of the participants anticipate hiring levels to remain the same.

Exports

In the present survey round, 33% respondents said that they foresee much higher-to-higher exports over next two quarters, a slight uptick from 32% participants reporting likewise in the previous survey round. A majority i.e. 40% of respondents cited exports prospects to remain same as that of the previous round. 27% of expect lower exports in next two quarters.

(Proportion of respondents)

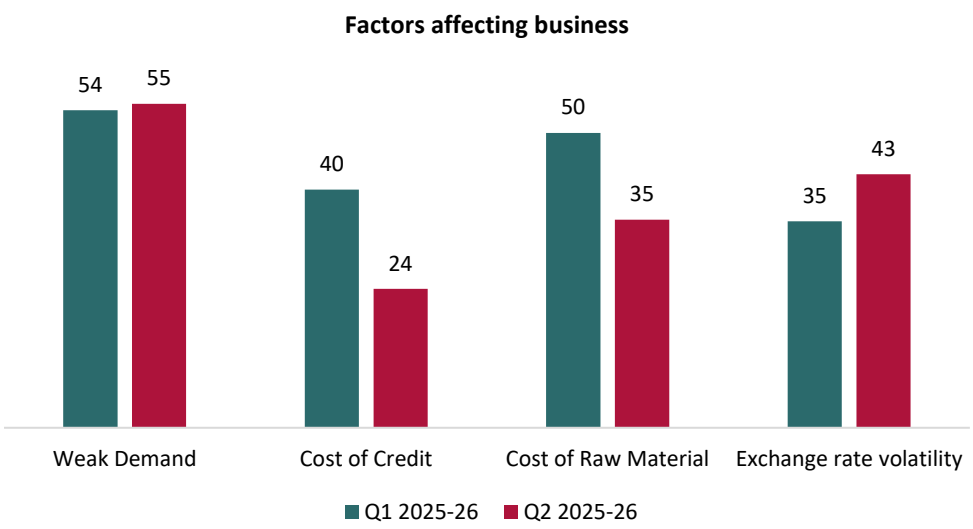


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Constraining Factors

Major Constraining Factors for Businesses

(Proportion of respondents)



The proportion of respondents citing weak demand as a concern for businesses witnessed a marginal uptick in the current survey, with 55% highlighting it as a worry compared to 54% in the previous round.

Further, heightened geopolitical headwinds, persistent capital outflows in the absence of a trade deal, have intensified rupee volatility. Reflecting this, 43% of respondents in the current round identified exchange rate fluctuations as a key concern — a significant increase from 35% in the previous survey.

Conversely, aided by cumulative 125 basis point rate cut by RBI this calendar year, concerns around the cost of credit have eased, with 24% of respondents identifying it as a constraint in the current round, down from 40% earlier.

Additionally, the share of respondents flagging raw material costs as a limiting factor has also dipped—35% in the current round compared to 50% previously.

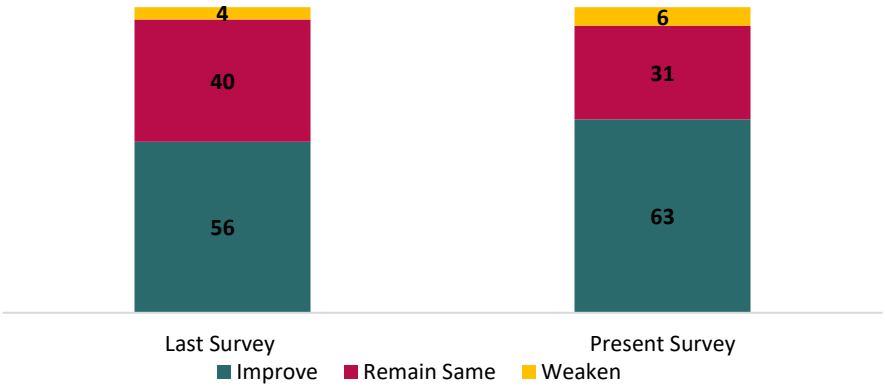
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Expected Order Book Position

Proportion of respondents anticipating better order books over next six months increased in the present survey round to 63% from 56% citing likewise in the last survey round. Also, about 31% companies expected their order book position to remain the same in the coming six months vis-à-vis 40% in the previous round.

(Proportion of respondents)

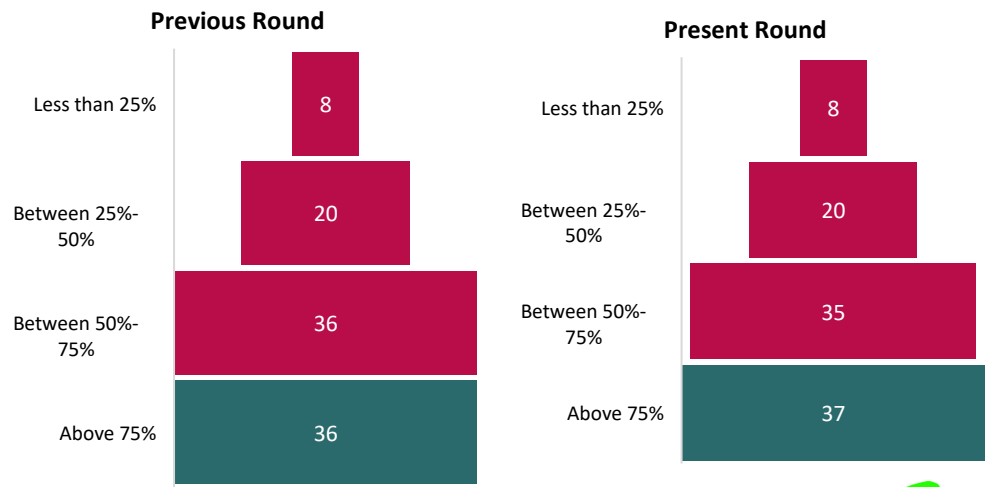
Expected order book position over next six months



Capacity Utilization

In terms of capacity utilization, the proportion of respondents operating above 75% saw a slight uptick, increasing from 36% to 37%. There was a marginal dip in the share of respondents reporting utilization levels in the 50%–75% bracket in the current round compared to the previous survey (from 36% to 35%).

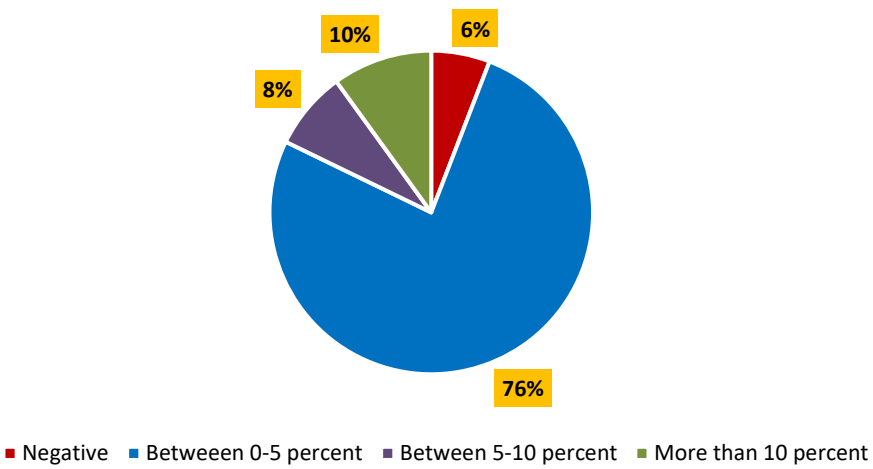
(Proportion of respondents)



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Demand Outlook

Impact of GST rate rationalisation on demand over next 3 months



Effective from Sep 22, 2025, the Government of India has reduced number of GST tax slabs. Under the new GST structure, the 12% tax slab has been merged with 5% and 28% has been subsumed into 18%, along with several other changes. The aim is to stimulate consumption, enhance ease of doing business while also create multiplier effects in the economy.

Against this backdrop, participating businesses were asked to share their outlook on how the GST changes are likely to impact their operations and sectoral demand over the next three months.

A significant majority—76%—anticipate a moderate positive impact on demand of up to 5%. Another 18% expect a stronger improvement, with 8% projecting gains between 5–10%, and 10% foreseeing an uplift of more than 10%. Another 6% of respondents expect the rationalization to have a negative impact on demand or business performance.

Overall, the responses reflect a broadly optimistic sentiment, with most firms viewing the GST rationalization as a supportive step for demand recovery, cost efficiency and smoother operations in the near term.

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Opportunities for Businesses Emerging from India's Expanding FTA Network

India's trade policy is witnessing a decisive shift, with Free Trade Agreements (FTAs) increasingly used to drive export growth, attract investment and strengthen industrial competitiveness. Recent FTAs with Australia, the UAE, Mauritius, the United Kingdom and the EFTA bloc, along with negotiations underway with nearly 50 countries—including the United States, the European Union, the GCC, Canada, Mercosur, Chile and Peru—illustrate the growing scale of India's external engagement. Against this backdrop, businesses were asked to highlight the opportunities they foresee from this expanding FTA network.

Businesses pointed to **enhanced market access** as the most significant opportunity. Lower tariffs and improved trade facilitation are expected to widen the global footprint of Indian goods, particularly in high-potential and value-added segments. The participants highlighted the need for greater visibility for Indian products through exhibitions, joint platforms and structured outreach in partner markets.

Respondents further emphasized the **importance of resource security**. Negotiations with countries such as Chile and Peru were viewed as crucial for securing critical minerals like copper and lithium, which are essential for energy transition technologies, advanced electronics and electric mobility. Establishing such long-term partnerships is expected to strengthen supply chains and support future industrial planning.

Businesses also noted that FTAs can **improve access to advanced technologies**. Reduced duties on key components, together with opportunities for technical collaboration, are expected to support domestic manufacturing and spur innovation in renewable energy, storage solutions, grid modernization, green hydrogen and electric mobility.

Investment-related gains were another area of optimism. Commitments such as the USD 100 billion investment pledge from EFTA over 15 years, along with efforts to incorporate investment facilitation in ongoing negotiations, are likely to enhance access to global capital for infrastructure, energy systems, logistics and other long-gestation projects.

Additionally, respondents highlighted the broader economic benefits that FTAs could generate, including stronger economic activity, **increased employment and higher consumer demand**—developments that would support all key sectors of the economy.

It was also highlighted that the benefits of FTAs may remain **limited for smaller enterprises** due to capacity constraints, compliance requirements and intensified competition and thus there is a need for handholding and capacity building of MSMEs to leverage these FTAs. Additionally, some companies operating in sectors where partner countries such as the EU and the US have strong export capabilities observed that **duty reductions could heighten competitive pressures in the domestic market** and thus need to be navigated carefully.

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Expectations from Union Budget 2026-27

With the budget season approaching, participating businesses were asked to share their key expectations from the upcoming Union Budget for FY 2026–27, focusing on policy actions that would strengthen business confidence, encourage investment, and accelerate growth.

Boosting Manufacturing Competitiveness

- **Need to widen the scope of PLI scheme:** Several industries observed that many essential components and emerging technologies still fall outside the current PLI framework. They suggested that expanding its coverage would enable domestic manufacturers to scale production, reduce import dependence, and strengthen India's integration into global value chains.
- **Deepen support for sunrise industries:** Firms indicated that sectors such as green technologies, electronics, and advanced manufacturing would benefit from consistent and predictable incentives. Such long-term support, they noted, would help build scale and reinforce India's competitive edge in fast-evolving industries.

Ease of Doing Business

- **Compliance burden and treatment of minor errors:** Businesses mentioned that even small, unintentional errors in filings often lead to procedural complications. Introducing a tolerance margin—such as exempting errors within 5% from penalties—was suggested to ease compliance and improve overall business sentiment.
- **Digital infrastructure and regulatory simplification:** Respondents noted that administrative processes remain complex and time-consuming in several areas. Strengthening digital infrastructure and simplifying regulatory procedures were recommended to reduce operational costs and enhance the ease of doing business.
- **Risk-differentiated treatment for compliant corporates:** Several firms felt that strong compliance behaviour should translate into smoother regulatory interactions. A transparent, government-wide rating system reflecting compliance track records was proposed to facilitate differentiated treatment and reduce friction.

Critical Minerals & Resource Security

- **Operational timelines for newly auctioned mineral blocks:** Businesses noted that the transition of newly auctioned mineral blocks into production could be further streamlined to enhance the availability of key minerals. They suggested more coordinated institutional support and faster clearances to accelerate operational timelines.
- **Economics of recovering minerals from mines waste:** Companies highlighted that while mine-waste recovery holds significant long-term potential, current project economics can be challenging. They recommended dedicated financing windows—featuring lower interest rates, longer moratoriums, and options such as Viability Gap Funding—to improve the commercial viability of such initiatives.

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Expectations from Union Budget 2026-27

Tax Rationalisation

- **Addressing the inverted duty structure - aligning GST and Custom duty across value chains:** Companies pointed out that in some sectors—such as pharmaceuticals—GST rates on inputs and final products remain misaligned, creating cash-flow pressures and discouraging value addition. Aligning these rates across value chains was recommended to remove cost distortions.
- **Market access for SEZ units:** SEZ-based respondents shared those duties on domestic sales limit their ability to compete with zero-duty imports under FTAs. They suggested adopting a "duty-forgone model" to enable SEZ units to operate at optimal capacity while ensuring a level playing field.

Other Key Expectations

- **Improved access to affordable capital, especially for MSMEs:** Many firms noted that MSMEs would benefit significantly from improved access to low-cost financing and more responsive credit mechanisms.
- **Privatisation of financially stressed PSUs:** Some businesses suggested that faster privatisation of loss-making public-sector enterprises could enhance efficiency and help ease fiscal pressures.
- **Stable and competitive energy costs:** Companies emphasised the importance of predictable energy pricing and supportive policies for renewable energy adoption. Expanding eligibility for private DISCOMs under central schemes was also recommended to promote a more competitive energy ecosystem.
- **Enhancing logistics and operational efficiency:** Businesses emphasised the continued need for large-scale investments in transport networks, airports, energy systems, and logistics infrastructure. Such investments, they suggested, would reduce structural costs, enhance competitiveness, and attract greater private investment.

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Survey Profile

The survey drew responses from about 100 companies with a turnover ranging from Rs 2.5 crore to Rs 30,000 crore and belonging to a wide array of sectors. The survey gauges expectations of the respondents for the period October 2025 to March 2026.

Agriculture	Apparel	Construction	Electronics
Energy	Education	Metals & Minerals	Banking & Financial Services
Automotive	Engineering Goods	Mining	Pharmaceuticals
Information Technology	Consumer Products	Hotel & Hospitality	Media & Publishing

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