

Business Confidence Survey
August 2025

Business Confidence Survey

Summary

Overall Business Confidence Index improves to 65.5 in the latest survey round

▪The latest round of FICCI's Business Confidence Survey indicates a modest improvement in the optimism of India Inc. The Overall Business Confidence Index rose to 65.5 from 64.1 in the previous round, supported by an increase in the Current Conditions Index to 61.7 from 59.2 and in the Expectations Index to 67.5 from 66.6.

▪Results pertaining to operational parameters indicated diverging trends. While on one hand, optimism in the outlook pertaining to sales and profits noted moderation; on the other hand, outlook regarding investments, exports and employment levels noted an improvement.

▪In the current round, about 56% of participating companies anticipated an increase in investments over the next two quarters, up from 53% in the previous survey. Employment expectations also showed a notable improvement, with 42% of respondents expecting higher hiring compared to 29% earlier.

▪In contrast, expectations regarding sales and profit reflected a relative caution. About 45% of the participating companies expected no change in profit levels over the coming six months, while 32% anticipated lower profits. Another 23% expected an increase in profits, down from 29% who held a similar view in the previous round.

▪ The sentiment around sales remained moderate. 58% of participants indicated that they foresee an increase in sales over next two quarters, which was broadly in line with the previous survey round. While another 38% of the participants expected sales to remain same in near future, which was an uptick from 27% reporting likewise in the previous round. However, it may be noted that the proportion of respondents citing lower sales over the next two quarters has registered a decline.

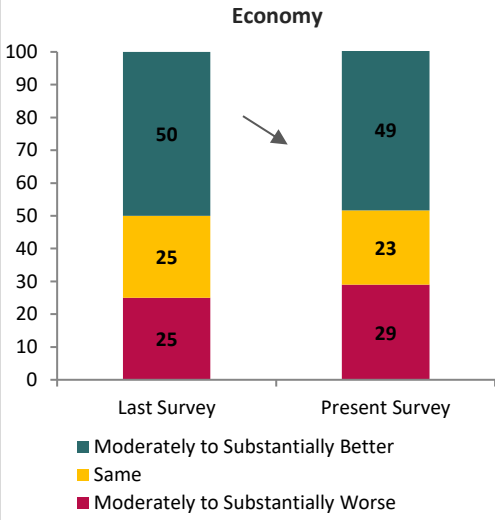
▪On the monetary policy front, the Reserve Bank of India has reduced the repo rate by 100 basis points between February and June this year. However, survey responses reveal a limited pass-through to businesses. About half of the participants indicated no change in the lending rates or a transmission of less than 20 bps. Only about 11% of the participants reported a reduction of over 40 basis points.

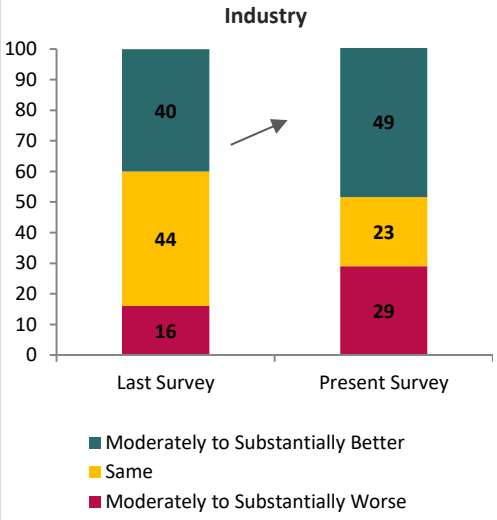
▪Looking ahead, participating businesses were asked about their expectations for domestic demand during the upcoming festive season (August–December 2025). A majority (44%) anticipated moderate growth in demand in the range of 0–5%, while 27% expected a stronger increase of 5–10%. About 23% projected robust growth of over 10%, reflecting optimism around festive spending.

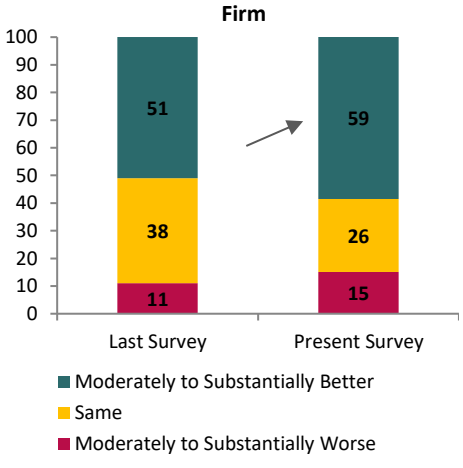
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Current conditions vis-à-vis last six months







Regarding the current conditions vis-à-vis last six months, the findings from FICCI's latest survey round indicate an optimistic sentiment at both the industry and firm level, though perception about the overall economy situation remained largely unchanged compared to the last six months.

At the economy level, 49% participants cited current conditions as *'moderately to substantially better'* than the previous six months—marginally lower than the 50% who reported the same in the previous round. Meanwhile, 23% of respondents indicated 'no change' in economic conditions, compared to 25% in the last survey.

While domestic drivers of growth remain buoyant, persistent geopolitical tensions coupled with mounting uncertainties around tariffs continue to exert strain on the overall economic environment.

In contrast, at the industry level, sentiments were relatively positive. About 49% respondents reported an improvement in current conditions vis-à-vis last six months, compared with 40% in the previous round.

Optimism was also reflected at the firm level with 59% of the respondents citing current conditions as 'moderately to substantially better' vis-à-vis last six months, which was relatively higher than 50% participants citing the same in the previous round.

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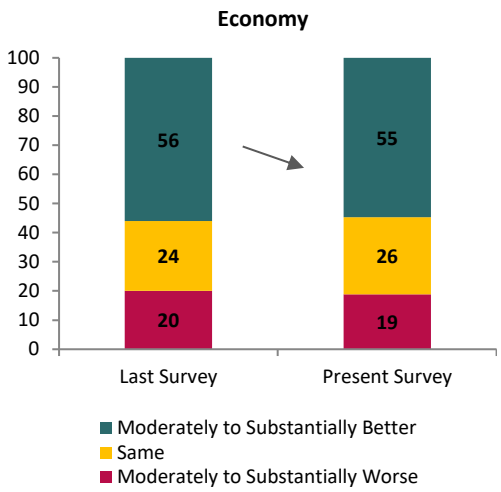
Expected conditions over next six months

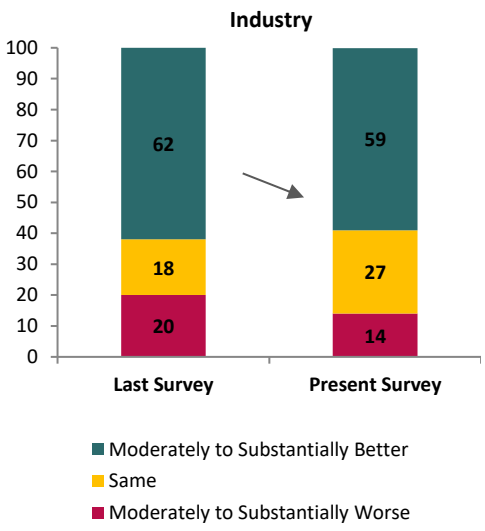
Regarding expectations over the next six months, the survey results point to a marginal moderation in sentiment across all three levels - economy, industry, and firm.

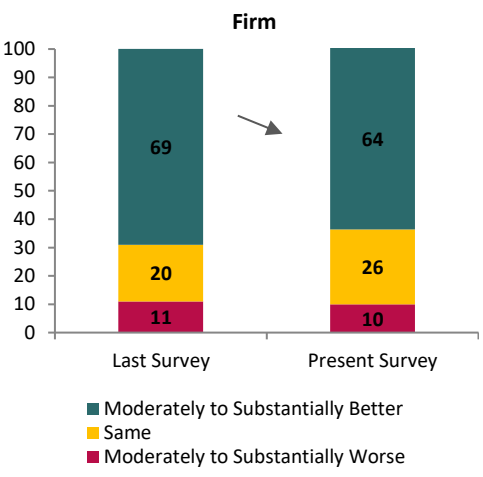
At the economy level, 55% of respondents reported 'moderately to substantially better' performance, slightly lower than 56% in the previous round. The share of those expecting conditions to worsen declined marginally to 19% from 20%, while 26% expected no change.

At the industry level, 59% of surveyed companies anticipated improved performance over the next two quarters, down from 62% in the last survey. The proportion of respondents expecting conditions to remain unchanged rose to 27% in this round, compared with 18% earlier.

Further, the proportion of participating companies' hopeful of better prospects in the next six months at the firm level also witnessed a decline to 64% in the present round, from 69% in the last survey round. Meanwhile, those expecting conditions to remain the same rose to 26% in the present round from 20% in the last round.



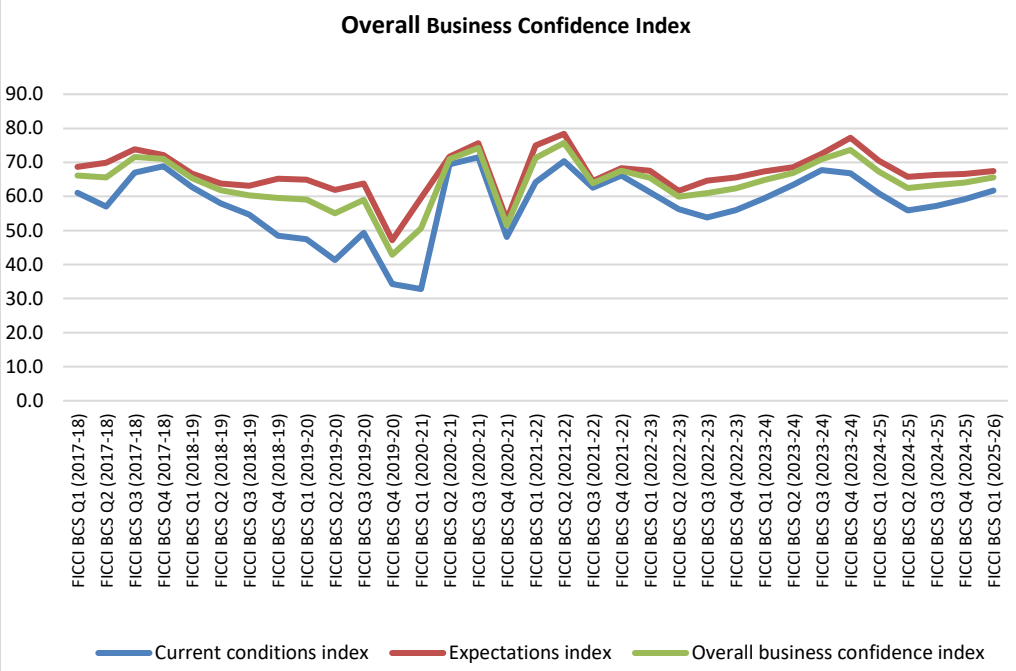




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Business Confidence Index



The current survey reports an improvement in the optimism levels of corporate India for the third consecutive round. The Overall Business Confidence Index rose to 65.5, up from 64.1 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 61.7 in the latest round, compared to 59.2 in the previous survey. Likewise, the Expectations Index rose to 67.5 from 66.6 in the last round.

The uptick in confidence indices reflects play of favorable domestic factors such as a normal monsoon, easing inflation, higher capacity utilization, and favorable financial conditions. Supportive policy measures (such as income tax rationalization, monetary policy etc) are aiding demand, while construction and trade sectors are driving momentum in services. At the same time, the outlook remains tempered by external headwinds, with tariff uncertainties, and heightened geopolitical risks continuing to cast a shadow on business sentiment.

Business Confidence Survey

Operational Parameters

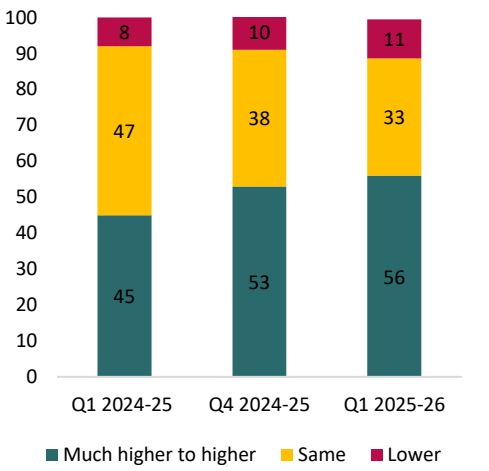
Investments

The latest survey round reflects a marginal increase in optimism regarding investments. The proportion of respondents citing 'much higher to higher' investments in the coming six months witnessed an uptick in the latest round of the survey.

About 56% participating companies anticipated higher investment levels over the next six months, compared to 53% citing likewise in the previous round. In contrast, the share of respondents expecting investment levels to remain unchanged declined to 33% (vis-à-vis 38%); while 11% respondents anticipated lower investments in near future.

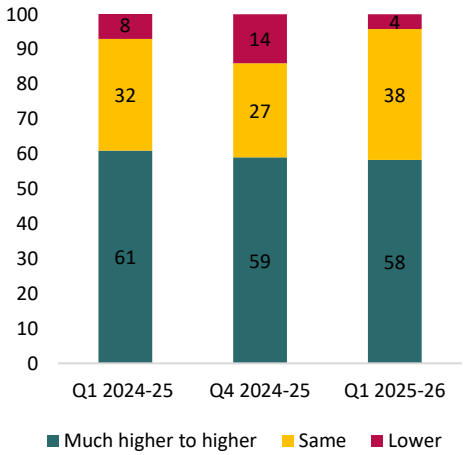
(Proportion of respondents)

Investment



(Proportion of respondents)

Sales



Sales

The latest survey results report a slight moderation with respect to the sales outlook.

58% participating companies anticipated an increase in sales over the next two quarters, broadly in line with the previous survey round. While another 38% of the participants expected sales to remain same in near future, which was an uptick from 27% reporting likewise in the previous round. However, the share of participants anticipating lower sales over the next two quarters registered a decline.

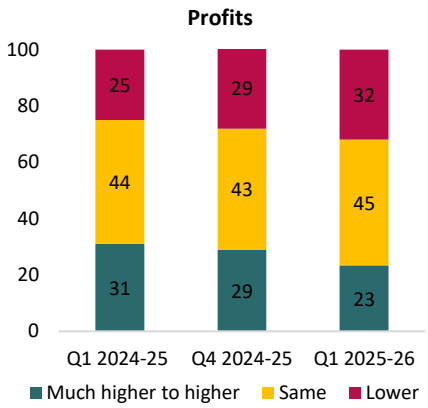
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Operational Parameters

Profits

45% of participating businesses expect no change in their profit levels over the coming six months; while about 32% participants cited lower profits over the near term. Further 23% of the respondents expected their profit levels to be higher over the next two quarters–this marks a fall from the 29% participants stating likewise in the previous round.

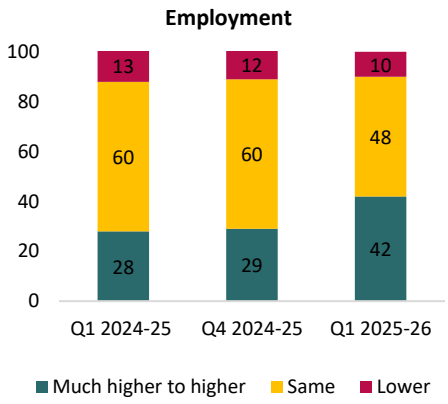
(Proportion of respondents)



Employment

In the present survey round, the employment outlook of businesses recorded a notable improvement. 42% of respondents indicated plans to hire new employees over the next six months, up from 29% in the previous round. A majority, however, with 48% of participants, expect hiring levels to remain unchanged.

(Proportion of respondents)

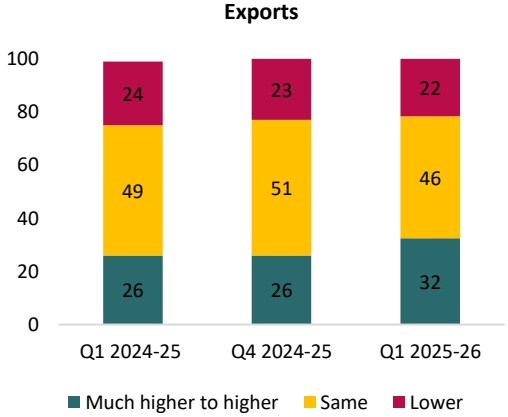


Exports

In the present survey, 32% respondents said that they foresee 'much higher-to higher' exports over next two quarters, which was a tad higher than 26% participants reporting likewise in the previous round.

A majority, however, at 46% of respondents, foresee no change in export levels in the near term. The share of participants anticipating lower export levels saw a marginal decline, with 22% expecting a fall in exports compared to 23% previously.

(Proportion of respondents)

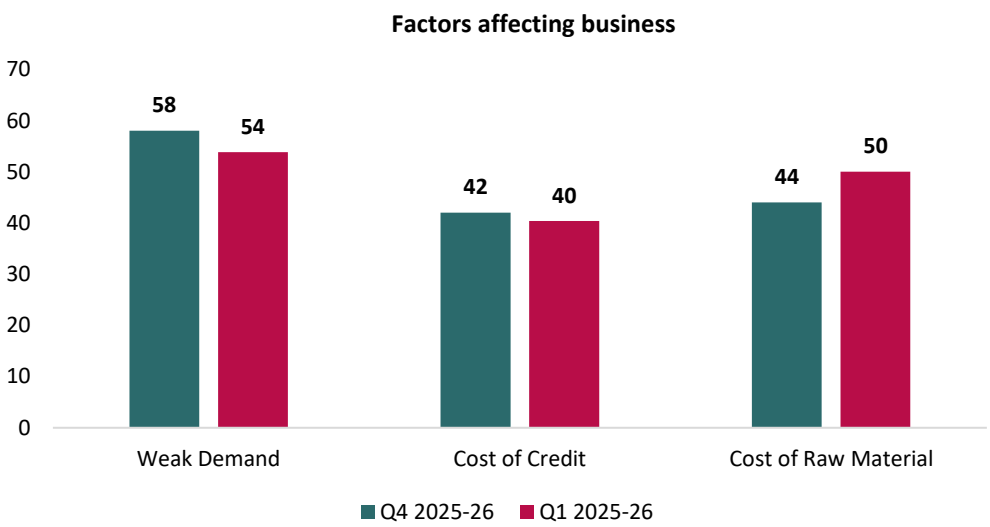


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Constraining Factors

Major Constraining Factors for Businesses

(Proportion of respondents)



Sentiments around consumer demand continue to show improvement among India Inc. In the latest survey, 54% of respondents flagged weak demand as a challenge, down from 58% in the previous round and 59% before that, reflecting some easing of demand-related concerns.

Concerns around the cost of credit have also moderated, with 40% of respondents identifying it as a constraint in the current round, compared to 42% earlier. The 100-basis-point reduction in the repo rate this year has been a key monetary policy measure aimed at stimulating credit growth and easing financing conditions for industry could be a contributing factor in improving sentiment around the cost of credit.

On the other hand, pressures from raw material costs seem to persist. 50% of respondents flagged raw material costs as a limiting factor in the current round, up from 44% previously. The prices driven by precious metals, minerals, and food items – amid ongoing geopolitical developments appears to be a key contributing factor.

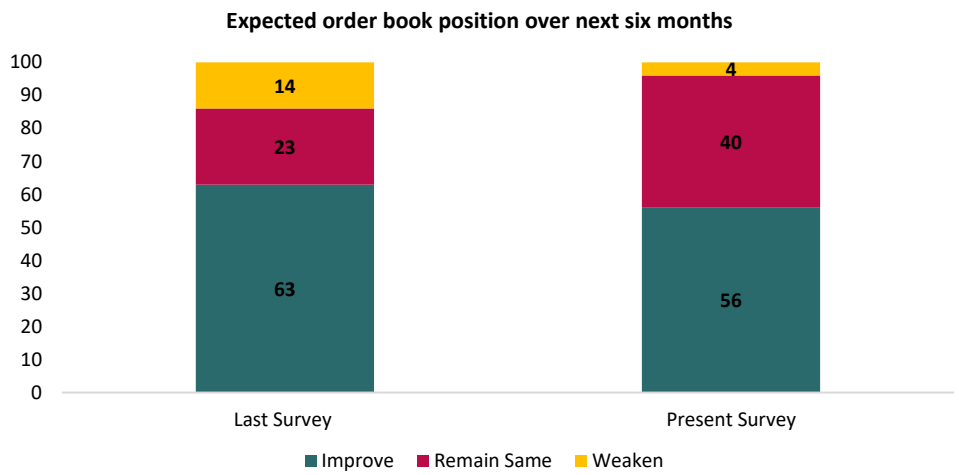
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Expected Order Book Position

Proportion of respondents anticipating better order books over next six months decreased in the present survey round to 56% vis-à-vis 63% citing likewise in the last survey round. Also, about 40% companies expected their order book position to remain the same in the coming six months vis-à-vis 23% in the previous round.

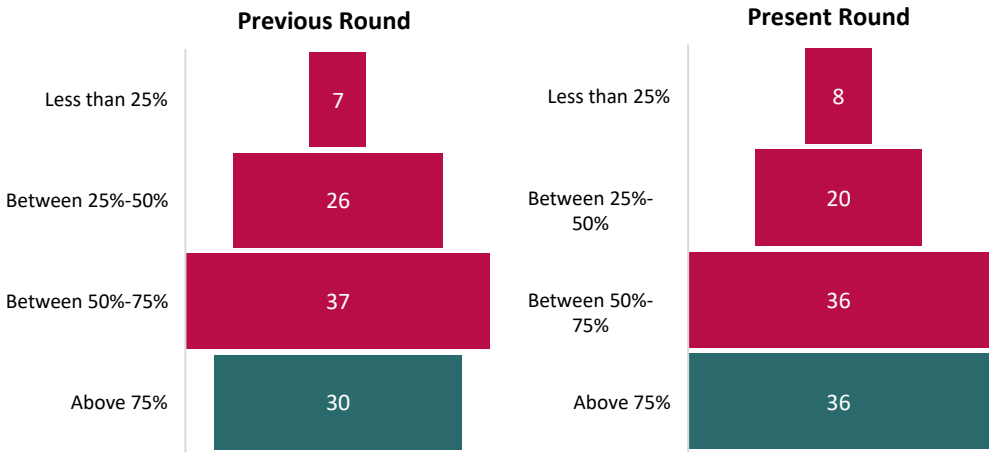
(Proportion of respondents)



Capacity Utilization

In terms of capacity utilization, the current survey round shows an increase in the share of respondents operating at utilization levels above 75%. 36% of respondents reported capacity utilization in this bracket, up from 30% in the previous round. Additionally, there was a marginal decline in the proportion of respondents operating at lower utilization levels, with 20% citing utilization between 25%–50%.

(Proportion of respondents)

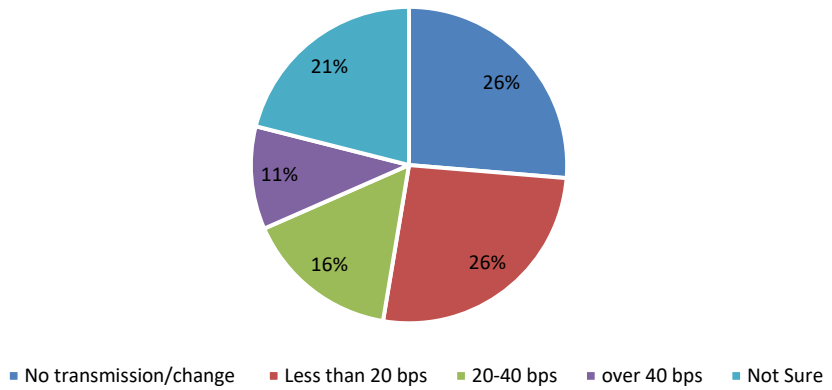


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RBI's Monetary Policy: Transmission of repo rate cuts

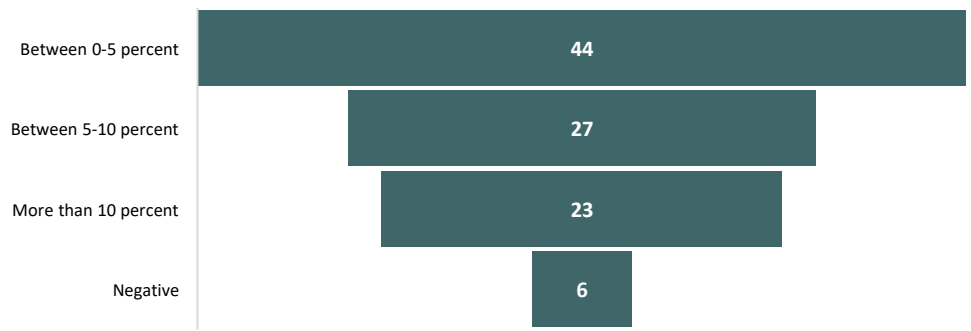
Between February and June this year, the Reserve Bank of India has reduced the repo rate by 100 basis points. When asked how much of this reduction was passed on to their businesses through lower lending rates, respondents reported a limited transmission. About half of the participants indicated no change in the lending rates or a transmission of less than 20 bps. Only about 11% of the participants have reported a reduction of over 40 basis points. These findings suggest that although monetary policy easing has occurred, its impact on corporate borrowing costs remains uneven.

Pass through of repo rate cuts to businesses



Prospects of Domestic Demand

Outlook on growth in domestic demand in festive season (August - December 2025)



Participating businesses were asked to share their outlook on domestic demand during the upcoming festive season (August–December 2025). A majority (44%) anticipated moderate growth in the range of 0–5%, while 27% expected a stronger increase of 5–10%. About 23% projected robust growth of over 10%, reflecting optimism around festive spending.

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Survey Profile

The survey drew responses from about 178 companies belonging to a wide array of sectors. The survey gauges expectations of the respondents for the period July 2025 to December 2025.

Agriculture	Apparel	Electric Vehicles	Electronics
Energy	Real Estate& Construction	Metals & Minerals	Banking & Financial Services
Consultancy	Engineering Goods	Food Processing	Pharmaceuticals
Information Technology	FMCG	Travel & Hospitality	Jewellery

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