Business confidence falls 6.7% in fourth quarter last fiscal: NCAER

“The 96th round of the Business Expectations Survey (BES) shows that the Business Confidence Index (BCI) registered a decrease of 6.7 per cent in April 2016 over January 2016 on a quarter-on-quarter (q-o-q) basis, thus hinting that business sentiments have remained subdued since the last quarter.

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The current round of survey is pertaining to the January-March quarter of FY 2015-16.

“Further, BCI has continued to fall on a year-on-year basis (12.0 per cent),” the survey by economic think-tank National Council of Applied Economic Research (NCAER) said.

Three of the four components of the BCI shows a deterioration in sentiments between January and April 2016, while one component has increased marginally, it added.

As per the survey, in April 2016, only 43.8 per cent of the firms expected that the financial position would be better in the next six months versus 59.8 per cent of the firms in January 2016.

As many as 44.8 per cent of the firms perceive that the financial position of firms would remain the same in the next six months.

The survey said the eastern region showed a significant improvement (11.2 per cent) in the BCI, whereas the western (-15.8 per cent) and southern (-17.9 per cent) regions have showed a sharp dip in it and the northern region (-0.5 per cent) hardly showed any change in it on a q-o-q basis.

“The maximum decline in BCI, of 11.4 per cent, has been recorded by firms with an annual turnover of 1–10 crore,” it pointed out.

The survey said there has been an improvement in political sentiments in April over January 2016 with the Political Confidence Index (PCI) showing a q-o-q rise of 2.1 per cent.

NCAER has been conducting the Business Expectations Survey (BES) every quarter since 1991.

It tracks the business sentiments of over 500 Indian companies to compute the composite Business Confidence Index (BCI).