

Business confidence fell 15% across industry in Sep quarter: NCAER survey

This is based on the 110th Round of the Business Expectations Survey (BES) carried out by NCAER, said the National Council of Applied Economic Research

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Business confidence across the industry declined in the September quarter over the previous three months due to an all-pervasive worsening of business sentiment, said a survey by economic think tank NCAER on Monday.

NCAER's Business Confidence Index (BCI), an indicator of business sentiment across Indian industry, stood at 103.1 in the second quarter of 2019-20, falling 15.3 per cent quarter-on-quarter, despite a small reprieve in July 2019.

As compared to the year-ago period, the BCI fell 22.5 per cent during the the second quarter.

This is based on the 110th Round of the Business Expectations Survey (BES) carried out by NCAER, said the National Council of Applied Economic Research.

"The numbers suggest a deep and all-pervasive worsening of business sentiments" it said.

The survey focussed on four components which have equal weightage in the BCI.

The steepest decline was for the component, 'the overall economic conditions will improve in next six months', where the share of positive responses fell from 58.9 per cent in June 2019 quarter to 46.3 per cent in September 2019 quarter.

"The percentage of respondents expecting that 'the financial position of firms will improve in the next six months' decreased from 48.8 per cent in June 2019 to 39.3 per cent in September 2019," the think tank said.

The muted business sentiment was further reinforced by the barely 32.5 per cent of the respondents who believed that 'the present investment climate is positive compared with six months ago'.

The component of present capacity utilisation is close to or above optimal level' dropped 86.2 per cent to an all-time low since July 2009.

All five sectors covered by NCAER's BES -- consumer non-durables, consumer durables, intermediate goods, capital goods and services -- showed a deterioration of business sentiment.

The BCI of each of the sectors registered double-digit decline of 11.4 per cent, 11.4 per cent, 21.4 per cent, 18.3 per cent and 13.1 per cent, respectively in September quarter as against the previous three months.