

Business Standard

High exports, farm output improve business confidence: NCAER

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After a slide in the second quarter of the present fiscal, higher exports, enhanced farm produce and moderation in inflation improved business confidence during the October-December period, think-tank NCAER said on Monday.

The Business Confidence Index (BCI) rose by 21.8 per cent in the January 2014 survey over the previous quarter, the National Council of Applied Economic Research (NCAER) said in a latest study. BCI increased to 122.3 points from 100.4 in July-September quarter, 2013-

14.

There was a continued slide in business sentiment through 2012-13 on concerns of slower growth coupled with high inflation, it said. However, business conditions witnessed some fluctuations in 2013-14 as “exports improved, agricultural output grew combined with signs of moderation of inflation rate.”

“The BCI reflects these fluctuations as it shows significant improvement in its latest survey for the third quarter of FY13-14 following a decline in the previous quarter,” it said. Also, Political Confidence Index (PCI) — a measure of related business sector perceptions — increased for the successive quarter, showing an improvement of 9.8 per cent to 112.9 points. The study revealed that manufacturing sector firms were more optimistic than services sector during the third quarter.

The highest growth was recorded in intermediate goods sector followed by consumer goods non-durables. “The firm level indicators reveal expectations of improved domestic sales, production, imports, exports and pre-tax profits in the next six months compared with the previous quarter,” the study said.

According to the study, both input cost and ex-factory prices are likely to increase in the next six months. However, within input cost, only cost of electricity per unit of output is likely to moderate.

It also said employment of all types of labour is also likely to improve in the short run along with wage rates.

NCAER survey was conducted during Assembly elections in five states. It takes into account influence of the election process on business sentiments besides business and financial data.