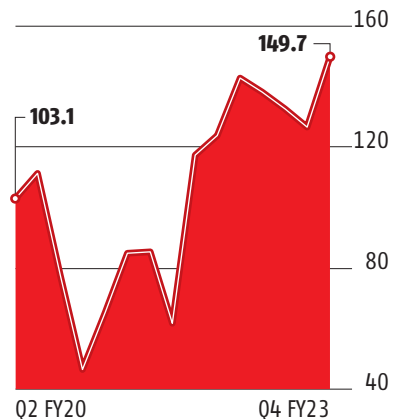


Biz sentiment turns buoyant in Q4: NCAER survey

LOOKING UP

Business Confidence Index



Note: A higher figure denotes higher confidence of business houses in the economy
Source: NCAER

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New Delhi, 24 April

After weakening for three consecutive quarters, business sentiment turned buoyant in the fourth quarter (Q4) of the fiscal year ended March 31 (FY23), the National Council of Applied Economic Research (NCAER) said on Monday.

The Business Confidence Index (BCI) stood at 149.7 in Q4, up from 126.6 in Q3 FY23, though there is a mixed trend in sentiments about business prospects for the upcoming six months, according to the latest round of the Business Expectation Survey (BES) released by the economic think tank.

The index stood at 142.9 in the corresponding quarter of FY22. An increase in the level of BCI reflects

optimism in the business sector about the performance of the economy. The 124th round of the survey covering 500 firms was conducted in March, with support from the National Stock Exchange (NSE). NCAER has been carrying out the BES every quarter since 1991, covering around 500 companies across four regions.

The survey uses four components to compute the figure: Overall economic conditions will improve in the next six months; financial position of firms will improve in the next six months; present investment climate is positive; and present capacity utilisation is close to, or above, the optimal level. Each of these is assigned equal weighting in the index, and the share of positive responses was higher for all four in

Q4 compared to Q3.

While sentiments for the upcoming six months in production, domestic sales, pre-tax profits, and new orders, improved in Q4, expectations about exports, imports of raw materials, and ex-factory prices remained muted.

However, labour market prospects for the next six months seem stagnant as the majority of firms expect no change in the labour employed. Earlier, the majority of firms reported no change in the hiring of various types of workers over the past three months, as more firms reported a decline in hiring in the case of unskilled (2.1 per cent) and casual/temporary workers (5.3 per cent) than in managerial/skilled (0.4 per cent), and permanent workers (1.1 per cent). Besides, the share of

firms expecting that wages would rise over the next six months for both skilled (39.7 per cent) and unskilled workers (40 per cent) remained the same in Q3 and Q4.

Earlier, the share of firms reporting an increase in wage rate over the past three months declined between the last round and this one, as only 40 per cent firms reported an increase in Q4 for unskilled workers, and only 39.7 per cent firms reported an increase for skilled workers in Q4.

Finance Minister Nirmala Sitharaman, while speaking at the development committee during the Spring meeting of the International Monetary Fund and World Bank, had said that India's growth momentum — which gathered pace in the December quarter of FY23 — is likely to sustain in the March quarter.