

Business confidence falls for 2nd straight quarter: NCAER survey

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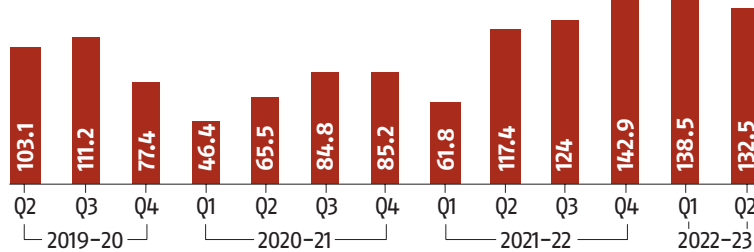
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The Business Confidence Index (BCI) has dropped for the second successive quarter in 2022-23 (FY23). It stood at 132.5 in the second quarter, down from 138.5 in the first quarter of FY23, according to the latest round of the Business Expectation Survey (BES) released on Thursday.

Earlier, it was at 142.9 in the fourth quarter of 2021-22. It was 117.4 in the corresponding quarter last year.

The National Council of Applied Economic Research (NCAER), with support from the National Stock Exchange, conducted the 122nd round of the BES in September, covering 496 companies across India. It has been carrying out the BES every quarter

BUSINESS CONFIDENCE INDEX



since 1991, covering about 500 companies across four regions.

The index reveals that although it has recovered from the lows of the pandemic year, the sentiment on three of the four BCI components softened — namely, ‘overall economic conditions will be better in the next six months’,

‘present investment climate is positive’, and ‘present capacity utilisation is close to or above optimal levels’.

The share of positive responses remained virtually unchanged between the two quarters, save for one component — ‘financial position of the firms will improve in the next six

months’.

“The sentiment on production, domestic sales, exports, imports of raw material, and new orders softened in FY23, while expectations about ex-factory prices exhibited buoyancy. Notwithstanding a larger share of firms expecting ex-factory prices to rise, the sentiment on pre-tax profits weakened. The waning of sentiment was relatively higher for external parameters, compared to domestic ones,” the survey observed.

On employment, the sentiment on the hiring of workers over the next six months swerved, as a higher share of firms reported they would increase the hiring of unskilled/casual workers. However, the sentiment on the labour market for skilled/permanent workers was relatively muted.