

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

LOK SABHA
UNSTARRED QUESTION NO. 1411
TO BE ANSWERED ON JULY 1, 2019

SURVEY CONDUCTED BY NCAER

1411. SHRI SUDHEER GUPTA:
SHRI BIDYUT BARAN MAHATO:
SHRI GAJANAN KIRTIKAR:

Will the Minister of FINANCE be pleased to state:

- (a) whether as per a survey conducted by the economic think tank National Council of Applied Economic Research (NCAER) the business confidence among Indian companies fell by 9.1 per cent in the fourth quarter;
- (b) if so, the details thereof and the reasons for such downfall;
- (c) whether as per the survey of NCAER, consumer non-durables sector also showed relatively worsening trend with regard to production, sales and pre tax profit; and
- (d) if so, the details thereof along with the steps taken by the Government to improve the trend?

ANSWER

FINANCE MINISTER
(Ms. NIRMALA SITHARAMAN)

(a) & (b): April 2019 round of the quarterly Business Expectations Survey (BES) of Indian companies carried out by National Council of Applied Economic Research (NCAER) showed that Business Confidence Index (BCI) fell from 127.0 in January 2019 to 115.4 in April 2019, a decline of 9.1 per cent on a quarter-on-quarter (q-on-q) basis. The overall BCI is composed of following four components, all of which have equal weights for computing the index:

- (i) Overall view of economic conditions over the next six months;
- (ii) Financial position of the firm over the next six months;
- (iii) Current investment climate as compared to six months ago; and
- (iv) Current level of capacity utilisation of the firm relative to its optimal level.

As per BES, the decline in the overall BCI was driven by firms' lower expectations for the next six months with regard to production, sales and pre tax profits.

(c) & (d): The BCI for consumer non-durables declined from 135.5 in January 2019 to 114.0 in April 2019, a decline of 15.9 per cent on a q-o-q basis. The fall in the BCI for the consumer non-durables sector was also driven by lower expectations on production, sales, and pre-tax profits. Government has taken a number of measures in crucial sectors to improve the trend such as Start-up India, Ease of doing Business, Make in India, Foreign Direct Investment Policy reforms etc. India has considerably improved its ranking to 77th position in 2018 among 190 countries assessed by the World Bank Doing Business Report, 2019 in which India has leapt 23 ranks over its rank of 100 in 2017.
