

**NATIONAL COUNCIL OF
APPLIED ECONOMIC
RESEARCH**

**The NCAER-NSE
Business Expectations Survey for
India**

Fourth Quarter 2023–24

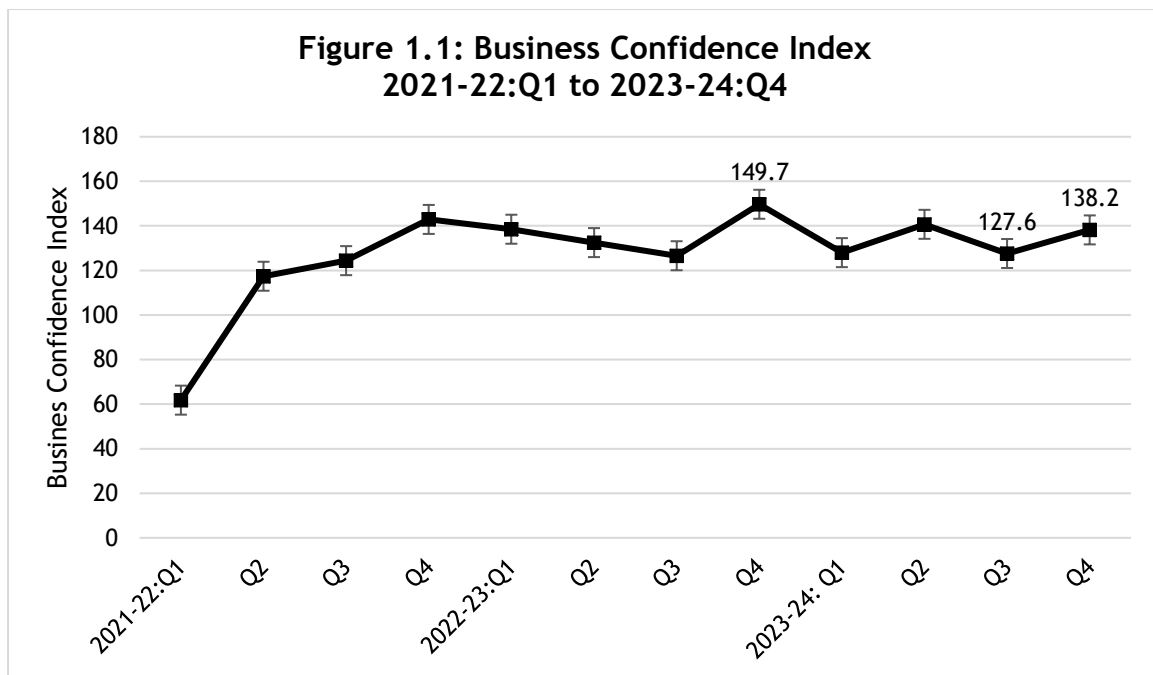
Business Confidence Index

April	2024
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NCAER-NSE Business Confidence Index Fourth Quarter of 2023-24

1. Business Confidence¹

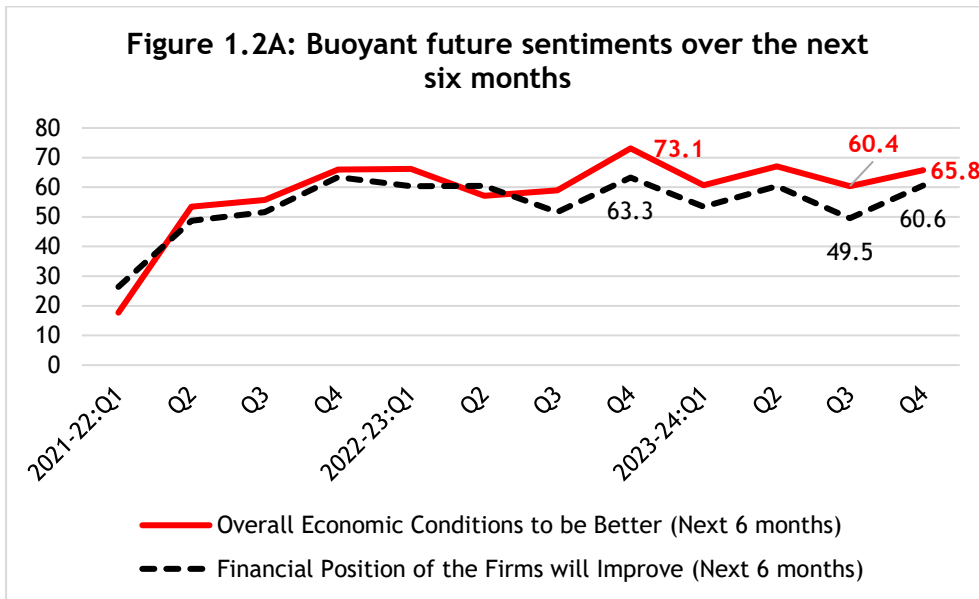
- The overall business sentiment as measured by the Business Confidence Index rose from 127.6 in the third quarter of 2023-24 to 138.2 in the fourth quarter of 2023-24. (Figure 1.1).
- While business sentiments have improved in 2023-24:Q4 compared to the third quarter of 2023-24, they are muted compared to 2022-23:Q4 (149.7).



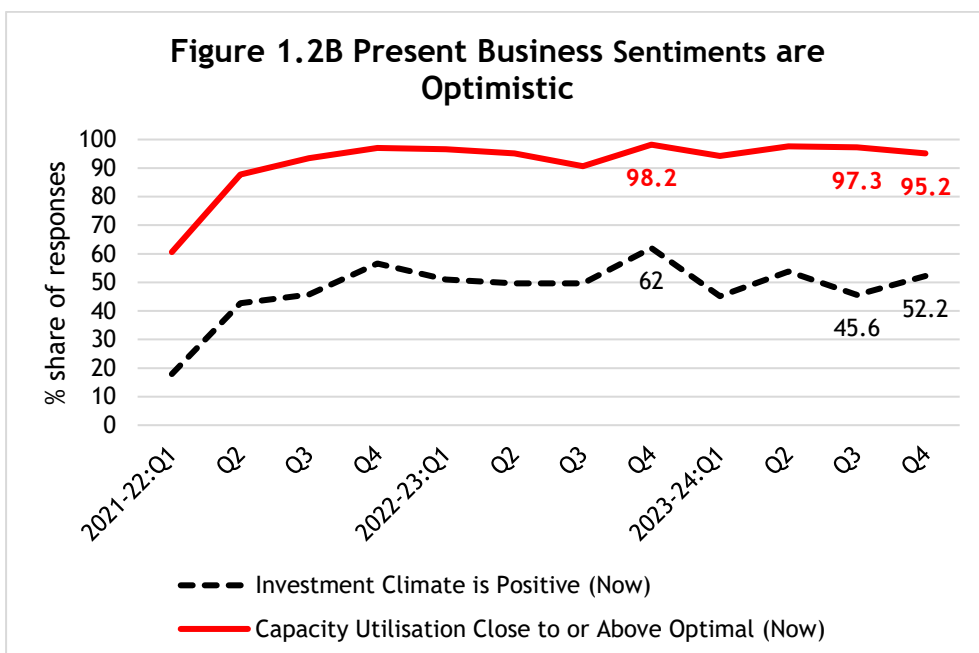
¹ NCAER has been carrying out quarterly surveys of Business Expectations in India since 1992 to assess business sentiments. The recent round (128th) was carried out in March 2024 covering 500 respondents spread across six cities. Annexure 1 provides the methodology, sample composition, and summary statistics for the BES.

The positive optimism is driven by the following factors.

- Sentiments regarding future sentiments have shown buoyancy since last quarter. Majority of firms expect both macro conditions and own firm conditions to be better in the next six months. The share of firms expecting ‘overall economic conditions to improve in next six months’ went up from 60.4 per cent in 2023-24:Q3 to 65.8 per cent in 2023-24:Q4. Similarly, the share of firms expecting ‘financial position of the firms will improve in next six months’ went up from 49.5 per cent in 2023-24:Q3 to 60.6 per cent in 2023-24:Q4 (Figure 1.2A).

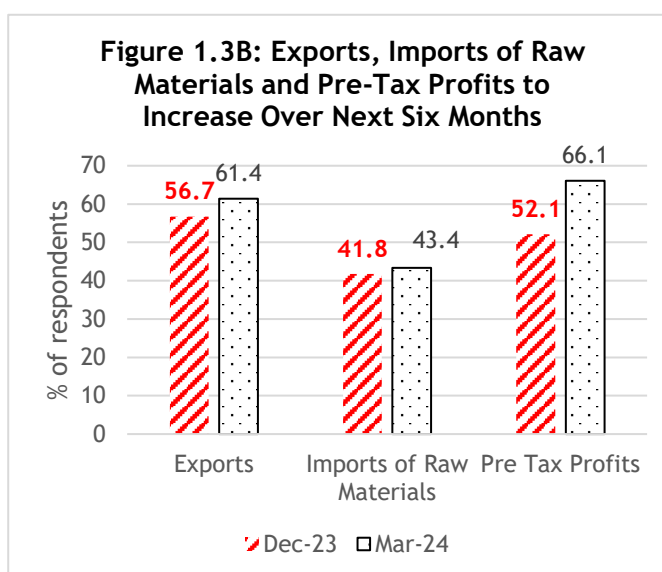
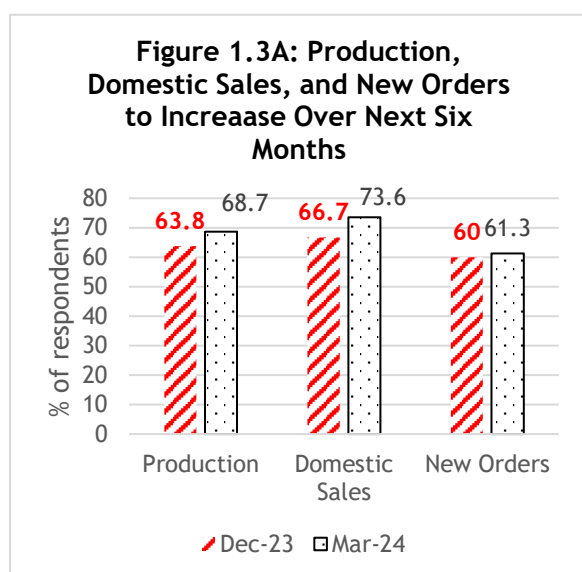


- Sentiments regarding present investment climate has improved since last quarter and 52.2 per cent of firms responded that it was better in the 2023-24:Q4 compared to six months ago. Present capacity utilisation rate continues to remain close to or above optimal level for 95.2 per cent of firms (Figure 1.2B), although it is lower than the previous quarter (2023-24:Q3).



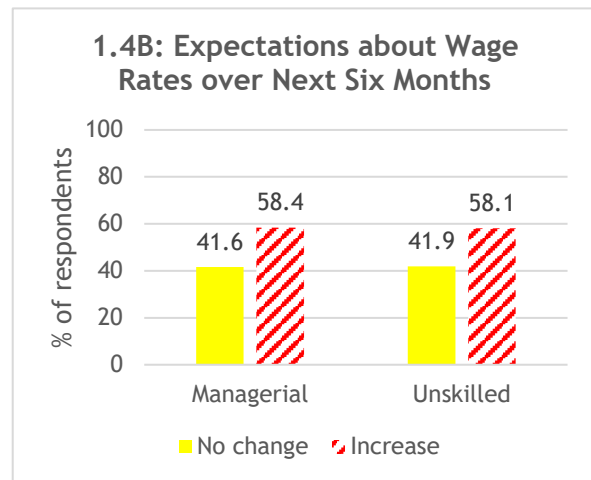
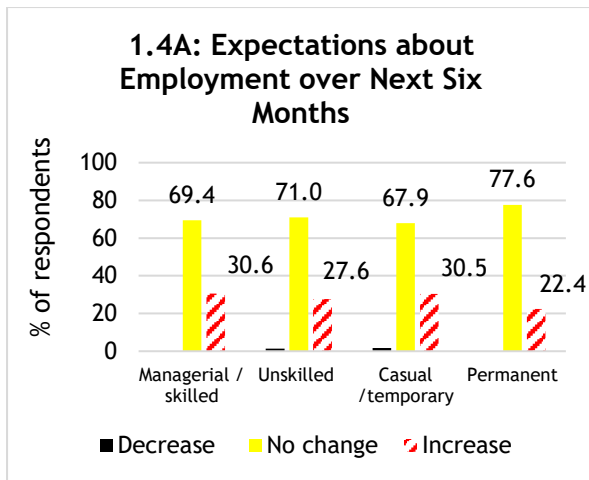
2. Business Prospects

- A larger share of firms in 2023-24:Q4 compared to 2023-24:Q3 expected that production and domestic sales will increase in the next 6 months (Figure 1.3A). Sentiments about new orders also remained elevated. Overall these signal positive sentiments in the fourth quarter of the last fiscal.
- Sentiments about external trade, both exports of final products and imports of raw materials have improved with a larger share of firms expecting them to increase in 2023-24:Q4 compared to 2023-24:Q3 (Figure 1.3B). Compared to 52.1 per cent of firms in 2023-24:Q3, 66.1 per cent of firms in 2023-24:Q4 have responded that they expect pre-tax profits to rise in the next six months. Naturally firms expect that their financial position will improve in the next six months.



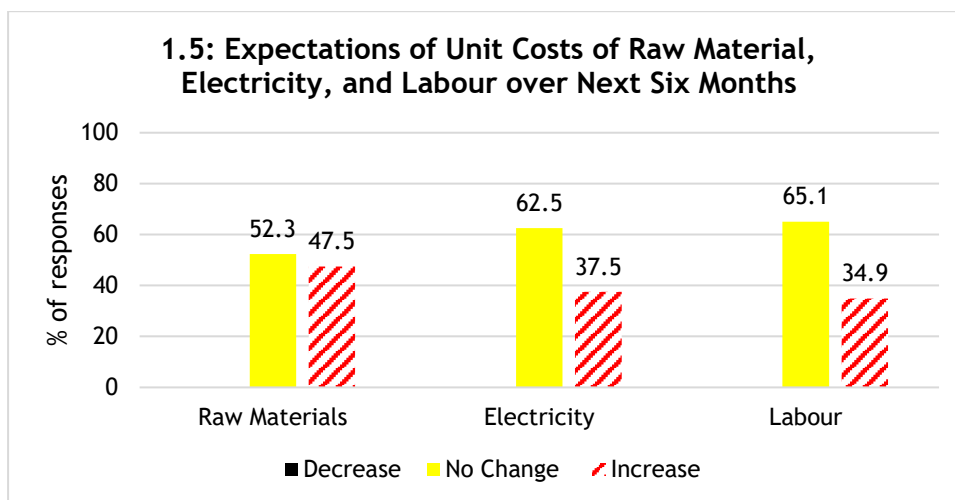
3. Employment

- A great majority of firms continue to expect the prospects of employment in the next 6 months of both skilled & unskilled and casual & permanent workers to remain unchanged (Figure 1.4A). Still there has been some movement with sentiments in the labour market showing improvement. As against 22.6 per cent firms in 2023-24:Q3, 30.6 per cent of firms responded in 2023-24:Q4 that they plan to increase hiring of managerial/skilled workers over the next six months. The corresponding numbers for unskilled workers were 24.3 per cent and 27.6 per cent respectively. As against 28.3 per cent of firms in 2023-24:Q3, 30.5 per cent of firms in 2023-24:Q4 have responded that they plan to increase hiring of casual wage/temporary workers over the next six months. The corresponding numbers for permanent workers were 18.7 and 22.4 per cent respectively.
- Approximately 58 per cent of firms expect that wage rates for both managerial/skilled workers and unskilled workers to increase over the next six months (Figure 1.4B). The corresponding numbers in 2023-24:Q3 were 45 and 46 per cent respectively.



4. Unit costs of Raw Materials, Electricity, and Labour

- A majority of firms expected no changes in the unit costs of electricity and labour in 2023-24:Q4 (Figure 1.5).
- In case of raw materials, while 52 per cent of firms responded that per unit costs of raw materials will remain unchanged but this has declined from 56 per cent in 2023-24: Q3. Against 44 per cent of firms in 2023-24:Q3, 47.5 per cent of firms perceived that per unit costs of raw materials will increase in 2023-24:Q4.





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