Business sentiments register marked improvement: FICCI Survey

By TIOL News Service

NEW DELHI, MAR 07, 2021: THE
latest FICCI's Business Confidence Survey has revealed a marked improvement in the optimism level of members of India Inc vis-Ã -vis the previous survey.Â
Improvement in both current conditions as well as expectations index has pulled the Overall Business Confidence Index value to a decadal high in the current survey. The Overall Business Confidence Index stood at 74.2 in the current round, vis-Ã -vis the index value of 70.9 reported in the previous survey and 59.0 reported a year back.Â

The recently announced Union Budget 2021-22 has been forward looking. This together with measures announced as a part of the Atmanirbhar Bharat package has infused optimism amongst industry members and the same is corroborated in the improved outlook for various operational parameters.Â

In the current survey, though the proportion of respondents anticipating better sales prospects in the near term remained unchanged at 66% from the previous survey round;Â**however, the companies were buoyed to regain some control over pricing power**
. About 27% respondents expect an increase in the selling price of their products over the next six months as compared to 21% stating the same in the previous round and 14% a year back.Â

Improved economic conditions and greater pricing power is likely to drive profits of corporate India over the next two quarters. The percentage of participants citing higher profits over next six months increased to 36% in the latest survey from 33% respondents stating likewise in the previous round.Â

Outlook on employment and exports also reported a discernible improvement
. About 35% respondents were optimistic about better hiring prospects over the next two quarters (up from 22% stating the same in the previous round). Export prospects were also reported to be better in the current round with 41% respondents indicating higher outbounds shipments. The corresponding number in the previous round was 27%.

Furthermore, theÂ
proportion of respondents citing â€˜higher to much higherâ€™ investments in the coming six months witnessed an upswing in the current survey when compared to the previous round
. 31% participants said that they foresee higher to much higher investments over coming six months as compared to 19% participants stating likewise in the previous round.

The present survey drew responses from a wide array of sectors and was conducted during the months of January/February 2021. The survey gauges expectations of the respondents for the period January to June 2021.

With regard to the constraining factors for business, the demand situation has improved on back of the release of the pent-up demand build up during the lockdown. However, rising raw material costs is emerging as a bothersome factor for members of India Inc. The rise in fuel and other commodity prices is beginning to exert pressure on the input costs of companies.