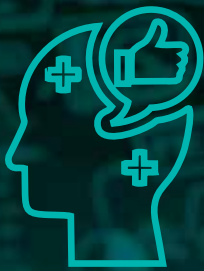


Business Optimism Index increased by 20.2% (q-o-q)



Business Optimism Index stands at **94.8**



Optimism for **net sales** stands at **15-quarter high**



Optimism for **net profits** stands at its **highest level** since Q1 2020



Optimism for **fresh hiring** has improved after remaining **stagnant** for four consecutive quarters

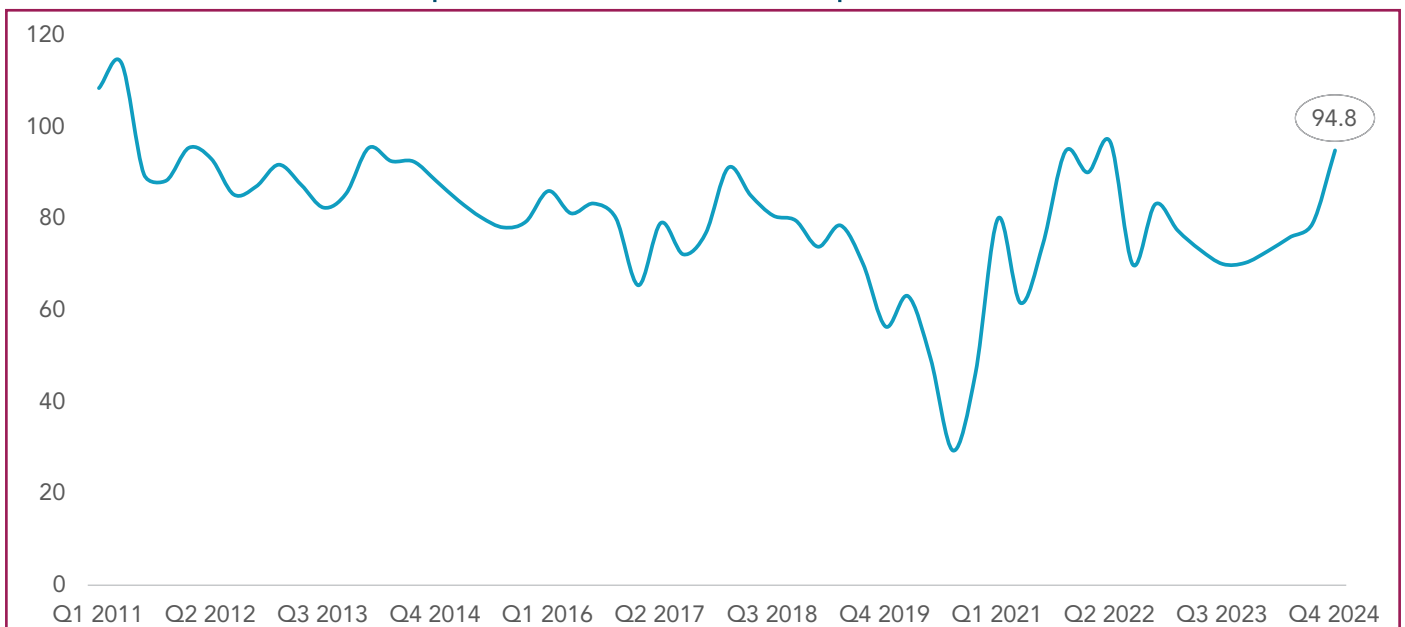


Accommodation and food services sector is the **most optimistic** on three out of six parameters

Key Macro Highlights

- 👍 As per the provisional estimates, Private Final Consumption Expenditure (PFCE) and Gross Fixed Capital Formation (GFCF) grew by 7.4% and 7.5% respectively in Q1 FY 25 at constant prices.
- 👍 Foreign direct investment (FDI) in India surged by 26.4% in Q1 2024-25, reaching \$22.4 bn between April and June.
- 👍 India's forex reserves have risen by \$117.9 bn over the past year, making it the fourth nation to exceed \$700 bn.
- 👍 Net services export earnings grew by 17.6% y/y to \$14.7 bn in Aug 24, with India becoming the seventh largest services exporter globally in 2023.
- 👍 GST collections under indirect taxes grew by 9.5% y/y in Aug 24, while income tax experienced a remarkable increase of 53.4%/y.
- 👍 Non food bank credit grew at 15% in Aug 24, with deployment to agriculture & allied activities recording growth of 17.7% (y/y).
- 👎 As per the provisional estimates, Real GDP is projected to grow by 6.7% in Q1 FY 25, compared to 8.2% growth recorded in Q1 FY 24.
- 👎 Retail inflation has soared up to 5.39% in Sep 24, food inflation escalating to a three-month high, of 9.24%.
- 👎 Wholesale price inflation has inched up to 1.84% in Sep 2024, as the inflation in food items soared up to 11.53%
- 👎 The Index of Industrial Production (IIP) moved into negative territory, with a contraction of 0.14% in August 2024.
- 👎 India's merchandise exports declined by 9.3% y/y to \$34.7 billion in Aug 2024, with trade deficit at 10-month high
- 👎 Growth of aggregate deposits has moderated to 11.6% in Sep 24, compared to 13.2% in the same period last year.

Movement of Composite Business Optimism Index (BOI)



D&B Optimism Index for India for Q4 2024

The Dun & Bradstreet Business Optimism Index (BOI) survey was conducted during August-September 2024, in the backdrop of monetary policy shifts by leading economies as central banks appear to have convincingly tamed inflation for the time being and refocusing their policy priority towards spurring the anemic growth. At the same time, the all-time high public and private debt necessitate central banks to respond to dichotomy by lowering rates, austerity measures by governments and controlling the credit flow to ward off the risk of inflation re-emergence. The strenuous balancing act calls for a cautious optimism and a soft-landing approach by policy makers. While the global economic recovery is still at its nascent stage, the policy shift appears to be fostering fiscal and monetary resilience.

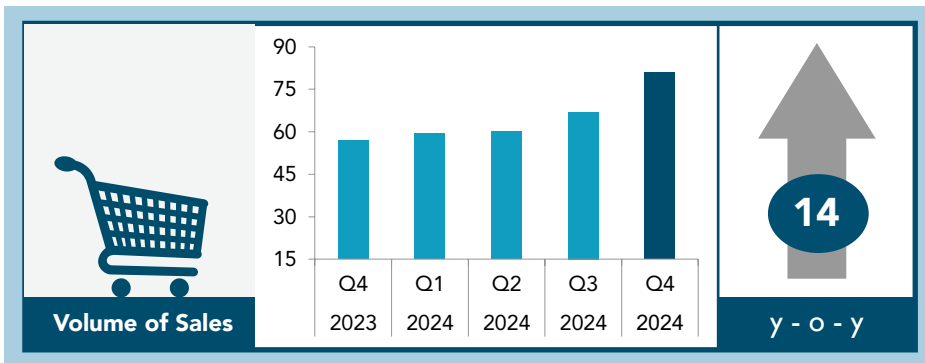
With economic growth in India relatively strong, the RBI's policy priorities are refocused towards managing inflationary pressure in domestic economy along with keeping the currency stable amid volatile capital inflows and outflows. Against the uncertain global macroeconomic environment and the shifting policy priorities, India, has so far bucked the trend- securing its position as an attractive investment destination, supported by the relatively hardened monetary policy stance of RBI and strong forex reserves. With economic growth in India relatively strong, the RBI's policy priorities are refocused towards managing inflationary pressure in domestic economy along with keeping the currency stable amid volatile capital inflows and outflows. In terms of economic growth, the long-term trends of both consumption as well as investment remain intact. Although revival of manufacturing sector is still being awaited, the services have been key growth driver for the economy.

The Dun & Bradstreet Business Optimism Index surged by 20.2% for Q4 2024 on a quarterly basis, reaching one of its highest levels, driven by positive momentum as India capitalizes on its domestic stability, further buoyed by a strong festive season. This period, traditionally a catalyst for consumer spending, has enabled businesses to maximize sales opportunities, revitalizing consumer demand and pushing sales sentiment to a 15-quarter high, returning to pre-pandemic levels.

Despite persistent inflationary pressures, particularly driven by rising food prices, profitability expectations have increased by 11 percentage points, indicating that businesses have effectively adapted to the evolving economic conditions. Firms are now strategically positioned to capitalize on opportunities in the final quarter of the year, aiming to offset the previously subdued rural demand. This optimism is further reflected in expectations for a 7-percentage point increase in selling prices on a quarterly basis, signaling a confident outlook for revenue growth.

Additionally, the 8-percentage point rise in hiring optimism, after four consecutive quarters of stagnation, underscores renewed confidence in the labor market and reinforces the overall positive business sentiment. The combination of a robust sales outlook, resilient profitability, and an improving employment landscape highlights a strengthened business environment, setting the stage for a strong close to the year.

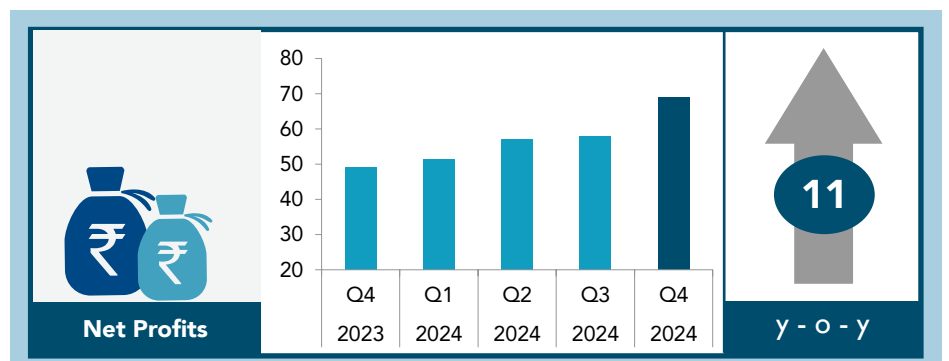
Optimism on Sub-indices



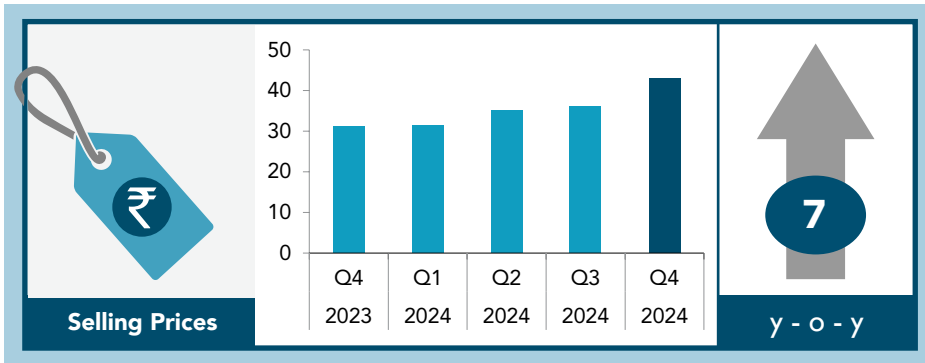
Note: All q-o-q figures are in percentage points

81% of the respondents expect volume of sales to increase in Q4 2024 compared to 67% in Q3 2024, an increase of 14 percentage points. Accommodation and food services are the most optimistic, while other services are the least optimistic on this parameter.

69% of the respondents expect an increase in net profits in Q4 2024 compared to 58% in Q3 2024, an increase of 11 percentage points. Wholesale and retail trade is the most optimistic sector, while utilities are the least optimistic on this parameter.



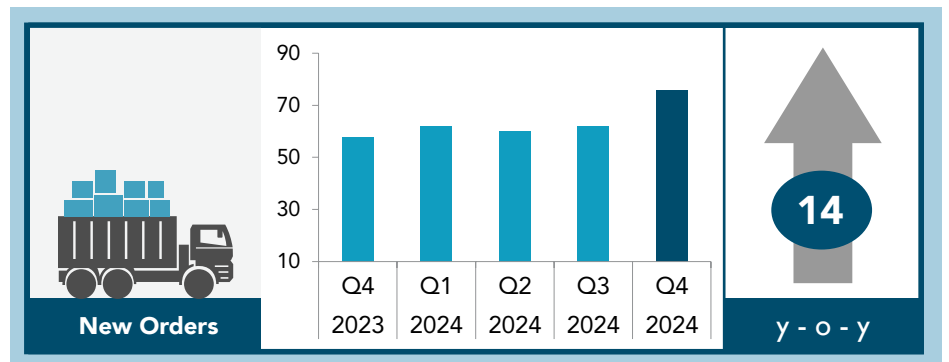
Note: All q-o-q figures are in percentage points



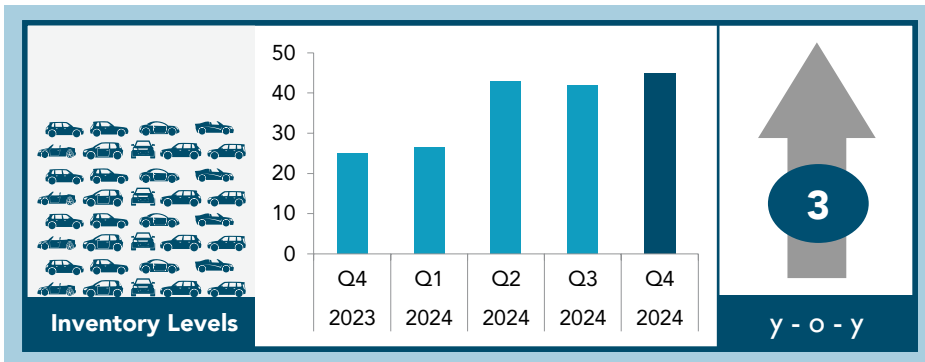
Note: All q-o-q figures are in percentage points

43% of the respondents expect the selling price of their products to increase during Q4 2024, compared to 36% in Q3 2024, increasing by 7 percentage points. Accommodation and food services are the most optimistic on this parameter, while information and communication services are the least optimistic.

76% of the respondents expect their order book position to improve in Q4 2024, compared to 62% in Q3 2024, an increase of 14 percentage points. Accommodation and food services are the most optimistic, while electric, electronic and hardware manufacturing industries are the least optimistic.



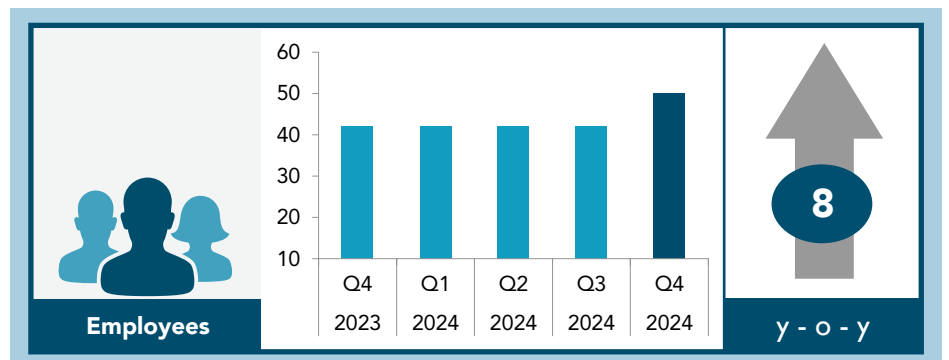
Note: All q-o-q figures are in percentage points



Note: All q-o-q figures are in percentage points

45% of the respondents expect their inventory level to increase during Q4 2024, compared to 42% in Q3 2024, increasing by 3 percentage points. Mining sector is the most optimistic on this parameter, while metal manufacturing sector is the least optimistic on this parameter.

50% of the respondents expect an increase in the size of their workforce employed during Q4 2024, compared to 42% in Q3 2024, increasing by 8 percentage points. Automobiles manufacturing sector are the most optimistic on this parameter, while the food, beverages and Tobacco manufacturing sector is the least optimistic on this parameter.



Note: All q-o-q figures are in percentage points

The D&B Optimism Index is recognised as a product, which measures the pulse of the business community and serves as a reliable benchmark for investors. Over time, this index has emerged as a leading indicator of turning points in economic activity.

Methodology

For the purpose of conducting the survey, a sample of companies belonging to basic goods, capital goods, intermediate goods, consumer durables, consumer nondurables, construction and the services sectors is selected at random from Dun & Bradstreet's commercial credit information file. The sample selected is a microcosmic representation of India's business community. All the respondents in the survey are asked six standard questions regarding their expectations as to whether the following critical parameters pertaining to their respective companies will register an increase, decline or show no change in the ensuing quarter as compared to the same quarter in the prior year: Volume of Sales, Net Profits, Selling Prices, New Orders Inventories and Employees. The individual indices are then calculated by the percentage of respondents expecting an increase

Composite Business Optimism Index

Dun & Bradstreet introduced the Composite Business Optimism Index from 04 2002. The purpose of the Composite Business Optimism Index is to capture the aggregate behaviour of all the individual indices except inventory. Each of the five parameters has a weight assigned to it. For calculating the Composite Business Optimism Index, the positive responses for each of five parameters for the period under review are expressed as a proportion of positive responses in the revised base period (2011). The parameter weights are then applied to these ratios and the results aggregated to arrive at the Composite Business Optimism Index. For the purpose of the survey, 01 is the period between January and March, 02 is the period between April and June, 03 is the period between July and September and 04 is the period between October and December each year. We trust that you will find the D&B Optimism Index as a useful tool in your day-to-day decision making. Please do give us your feedback in this regard.

Research Team

Economic Research Team



www.dnb.co.in

© Dun & Bradstreet, Inc. 2019. All rights reserved.

To learn more log onto www.dnb.co.in

Send us your feedback at India@DNB.com
or write to Dr. Arun Singh at SinghArun@DNB.com

Dun & Bradstreet Information Services India Pvt Ltd
Godrej BKC, 7th floor, G-Block, Bandra Kurla Complex,
Mumbai, Maharashtra, India – 400 051
CIN: U74140MH1997PTC107813

Copyright Dun & Bradstreet

Reproduction and transmission in any form without prior permission is prohibited. All rights reserved. While Dun & Bradstreet endeavours to ensure accuracy of information contained in this publication, it does not accept any responsibility for any loss or damage to any person resulting from reliance on it.