Building National Competitiveness

Confederation of Indian Industry

ASCON Industry Survey

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Contents

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23, Institutional Area, Lodi Road, New Delhi-110003 (INDIA), Tel: +91-11-24629994-7,
Fax: +91-11-24626149; Email: info@cii.in; Web: www.cii.in

EXECUTIVE SUMMARY

The CII ASCON Industry Survey, which tracks the growth of the economic activity through responses collected from the sectoral associations, reveals a divergence in the growth trends in the July-September FY 17 quarter as compared to same quarter a year ago with growth mainly being driven by the consumption related sectors.

The sectoral trends for year-on-year growth also reveals that growth is coming from a few sectors of the economy and a broad based growth is yet to be achieved. Overall the survey results indicate that going forward, the continued traction in urban consumption and revival of the rural economy would have a multiplier effect on sectors that are driven by consumption and the revival in demand would eventually translate to revival in private capex as well.

The Survey classifies the growth trends across four broad categories, namely Excellent (>20%), High (10-20%), Moderate (0-10%) and Low (<0%).

The results of the latest CII ASCON Industry Survey for July-September (Q2) FY17 suggests that the performance of sectors has been more divergent in Q2FY17 as compared to the same quarter previous year, with the share of sectors registering 'Moderate' range (0-10 Percent) coming down and at the same time more sectors falling in the 'Excellent 'category' (>20 percent) on the one hand and 'low' category (<0 percent) on the other.

According to the Survey, out of the 93 sectors surveyed, the share of the sectors recording 'Excellent' growth >20 percent has increased substantially to 15.1 percent (14 out of 93) in July-September FY17 quarter as against 7.5 percent (7 out of 93) recorded in the same quarter previous year. At the same time, the share of sectors witnessing 'High' growth rate (10 to 20 percent) has witnessed a marginal decline recording a share of 15.1 percent (14 out of 93) in the July-September FY17 from 16.1 percent (15 out of 93) during the corresponding period a year ago.

At the same time, the Survey reveals that the share of sectors reporting 'Moderate' growth of (0–10 percent) has shrunk to 29.0 percent (27 out of 93) in Q2 FY17 as compared to 46.2 percent (43 out of 93) recorded in the same quarter last year. Also the share of sectors witnessing 'Low' growth (<0 percent) has surged from 30.1 percent (28 out of 93) to 40.9 percent (38 out of 93) in Q2 FY17.

The silver lining is the significant rise in the share of sectors in the 'Excellent' growth category and stability in 'High' growth sectors which suggests a pickup in growth momentum in some pockets. A further detailed sectoral analysis reveals that while the growth trends are still concentrated in the 'Moderate' category (of 0-10%), a rise in the number of sectors reporting low growth of less than 0 percent is a cause of concern.

The sectoral growth trends on year-on-year basis also reveals that growth is coming from a few parts of economy and a broad based growth is yet to be achieved.

On a sequential quarter-on-quarter basis also, the Survey results reveals slowing in the growth performance in the surveyed quarter from the previous quarter ie Q1 FY17. While the percentage of sectors reporting 'excellent' performance in July–September FY17 has surged, registering 15.1 percent (14 out of 93) as compared to a share of 9.7 percent (9 out of 93) in the previous quarter, the share of 'high' growth sectors has shrunk marginally to 15.1 percent (14 out of 93) in Q2 (July-September) FY17 from a share of 16.1 percent (15 out of 93) in Q1 FY17.

The share of sectors witnessing moderate growth has declined sharply registering 29.0 percent share (27 out of 93) in Q2 FY17 as against 40.9 percent (38 out of 93) recorded in Q1 FY17. At the same time, there has been a significant rise in the sectors witnessing 'Low' Growth. The sectors witnessing 'Low' Growth has inched up from 33.3 percent (31 out of 93) in Q1 FY17 to 40.9 percent (38 to 93) in Q2 FY17.

On the capacity utilization front, an indicator of demand acceleration in the economy, the Survey reveals a mild improvement in the surveyed quarter as compared to the last quarter and the quarter going forward, While the onset of festive season has supported higher utilization of the existing capacities in some sectors, overall the capacity utilization level in the industry remains modest with majority of the sectors reporting to continue to operate in the range of 50-75 percent. However going forward, there are expectations of improvement in the capacity utilization. Expectations of rising capacity utilization further prompt towards an expected pick up in the private investment.

With respect to issues and concerns impacting growth, lack of domestic demand (60%), cost and availability of finance (50%), high tax burden, regulatory burden and transport infrastructure bottlenecks (44.4 %), have been cited as the "Most Important" constraints by more than 40 percent of the respondents. On the other hand, shortage of power (70 %), shortage of skilled labor and high tax burden (55.6 %) were reported as "Moderately Important" issues before the industry.

Significantly, the survey respondents have expressed their optimism for further improvement in the near –term growth helped by continued policy actions and enhanced business and consumer confidence. Nearly 70 percent of the respondents expect moderate improvement in the overall business situation. Overall, going forward, recovery is expected to continue to be led by improvement in consumption, as the lagged impact of normal monsoon, 7th Pay Commission payouts and onset of festival season to provide further support.

Respondents have stressed on the need for reviving investments. In the upcoming Budget 2017-18, the respondents have emphasized on reinstatement of Minimum Alternate Tax (MAT) exemption on SEZ Profits; increasing the threshold limit from exemption of Alternate Minimum Tax (AMT) from Rs. 20 lakhs to Rs. 50 lakhs; extending the scope of Section 80 IA of the Income Tax Act, 1961 to include units engaged in the business of manufacturing defence and aerospace equipment and upgrading existing infrastructure; tax benefit on expenditure on scientific research; a financial allocation for vehicle fleet modernization; interest subvention for technological upgradation etc.

ECONOMY OVERVIEW

The fiscal year 2016-17 commenced with hopes and expectations of a robust recovery, it is mid –year and the incoming macro data still points towards mixed signals towards recovery. Reflecting diverging consumption and investment trends, while the lead indicators related to consumption such as personal loans growth, PMI services continued to uphold growth on trend basis the investment and manufacturing related indicators such as industry growth, industrial credit, continue to display tepid momentum in their recent prints.

The GDP data for the first quarter of the fiscal year 2016-17 revealed a loss in momentum in the quarter, dragged down mainly by a contraction in fixed investment and disappointing growth in private consumption. While the Q1 GDP results marked the slowest expansion in five quarters, growth of gross value added (GVA) at basic prices inched up to 7.3% in Q1 FY2017 from 7.2% in Q1 FY2016, led by a sizable improvement in growth of services (to 9.6% from 8.8%). In contrast, the pace of expansion eased in Q1 FY2017 compared to Q1 FY2016 for industry (to 6.0% from 6.7%) and agriculture, forestry & fishing (to 1.8% from 2.6%).

Gross fixed capital formation (GFCF)—a proxy for investment demand in the economy—continued to signal no pick-up in the private investment activity. It has contracted to 3.1% during August quarter. This dip in investment is despite government pushing public investment (18.8% growth of government final consumption expenditure (GFCE)). This can be attributed to excess capacity in private sector and high level of debt in sectors such as construction, infrastructure.

According to the CMIE capex data, growth in outstanding projects under execution remained steady at 5.5% YoY in Q2FY17, unchanged from Q1FY17 as improvement in stalled projects offset the moderation in project announcement. The CMIE capex data suggests that private sector investment appetite continues to remain weak with both execution and announcement of new projects continued to be led by public sector. This is also corroborated by the RBI data on funding pattern for proposed private investment. The data shows that in FY17 till July investment proposals worth Rs 647 bn were funded through various channels such as Banks, IPOs, ECBs, and FCCBs. This was nearly 21% lower than Rs 819 bn during same period last year. The RBI data on project funding also reveals that the average ticket size of new project announcements by private sector has progressively declined over the years suggesting that risk appetite among private sector for mega projects continues to remain subdued.

However going forward, fiscal constraints would prevent a sharp pickup in the GoI's direct investment in infrastructure. India's fiscal deficit stood at 76.4% of BE over Apr-Aug FY17

as compared to 66.5% in the corresponding period last fiscal year, driven by de-growth in non-tax revenue. Moreover, persisting asset quality and capital adequacy concerns for the public sector banks are likely to constrain their ability to fund.

Notwithstanding government's efforts at de-bottlenecking stalled projects, stock of stalled projects saw a sequential uptick in Q2 FY17 compared to a decline in Q1FY17. On sectoral basis, electricity, metals and transport services continued to dominate the stock of stalled projects together accounting for more than 2/3rd of stalled projects. The data also showed that the issues with iron and steel sector have begun to ease in Q2FY17 as the share of iron and steel sector in stalled projects fell sharply from 66.7% in Q1FY17 to 21.7% in Q2FY17.

Reflecting further on the health of the industry, the credit off-take with respect to industrial credit continued to show weakness, with weakness being broad based across small, medium and large industries. The continued weakness in credit off-take to large industries reinforces the weakness in investment cycle. However, due to stronger transmission of monetary policy relative to credit market, commercial paper and corporate bond issuances have seen a healthy increase in FY7.On the other hand, the strength in consumption demand reinforced by a normal monsoon, 7th Pay commission payouts and easing inflation, is reflected in robust demand for personal loans, which continue to uphold the pace of overall credit growth in the economy. This continued divergence in credit growth (industry vs. services) suggests that growth continues to be driven by some pockets in the economy and is yet to attain a broad based character.

On external front, while the exports posted an increase of 4.62 per cent in September 2016 to $22.88 billion (year-on-year) — the second instance of monthly growth this fiscal — Cumulative value of exports for the period April-September 2016-17 registered a negative growth of 1.74 per cent in Dollar terms. Whereas, cumulative value of exports registered a negative growth of 13.77 per cent in Dollar terms for the period April-September 2016-17. Driven by a lower merchandise trade deficit, Current Account Deficit (CAD) narrowed annual basis and continued to post a deficit of USD 0.3 bn (0.1% of GDP) in Q1FY17, lower than USD 6.1 bn of Q1 last year (1.2% of GDP) but remained unchanged compared to Q4FY16.

On the reforms front, the Indian Parliament passed Goods and Services tax (GST), the biggest reform in the indirect tax domain in India. Over the medium-term, the implementation of GST should boost business confidence and investment, brightening the environment for an accelerated growth. Other initiatives such as steps to attract foreign direct investment in defence, civil aviation, pharmaceuticals and broadcasting, measures to improve infrastructure, the enactment of the Insolvency and Bankruptcy Code and the Real Estate (Regulation and Development) Act should also contribute to unlocking entrepreneurial energies and growth impulses.

Fundamentally, India still continues to remain attractive on the global stage on account of pro-reform focus of the Government and Government's continued emphasis on reviving manufacturing sector through structural steps, easing monetary policy and an upward trajectory of the economy..

CII ASCON INDUSTRY SURVEY RESULTS

2.1 Methodology

Confederation of Indian Industry (CII) conducted the CII ASCON Industry Survey to ascertain the performance of industry during July-September 2016 over July-September 2015 quarter and over previous April-June (Q1) FY17 quarter. The Survey was conducted from 1-30 2016 October 2016.

The Survey is based on the feedback collected from CII Affiliated Industry Associations mostly representing around 70 percent of the total output in their sector. The companies covered in the Survey represent a wide spectrum of sectors including basic goods, intermediate goods, capital goods, consumer durables and non-durables and services numbering more than 35,000 companies. The survey analysis is based on 93 responses.

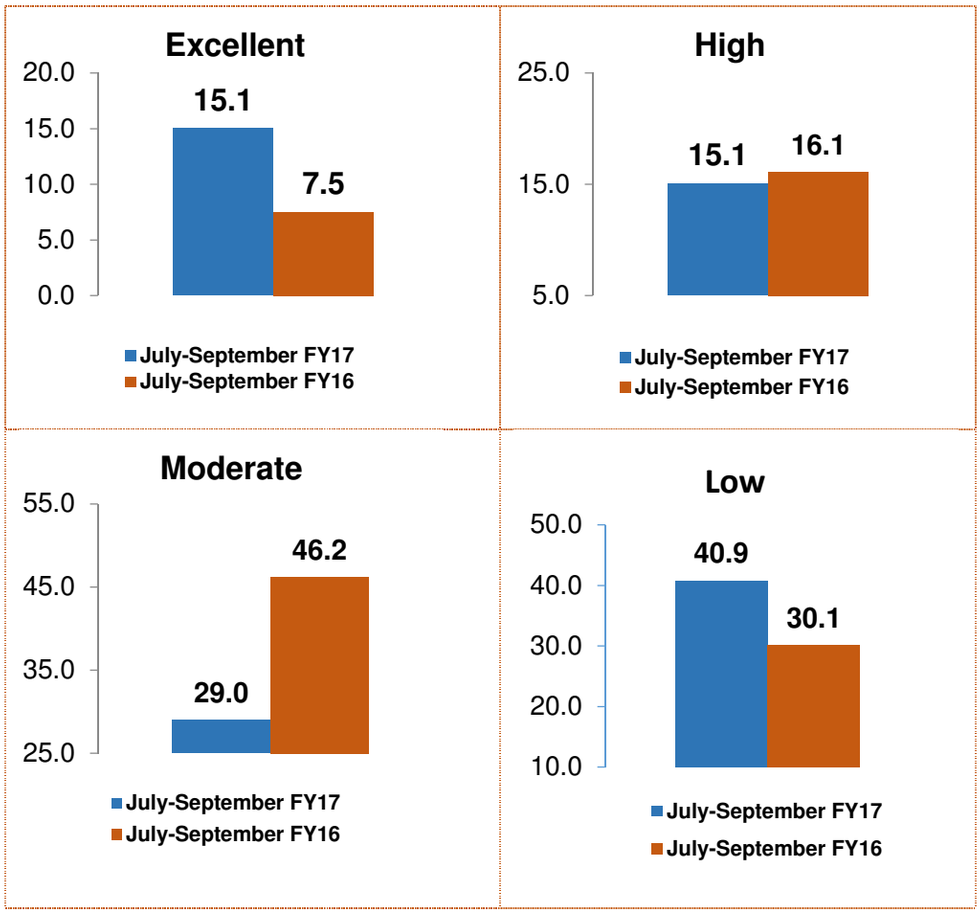
The Survey classifies the growth trends across four broad categories, namely 'Excellent' (>20%), 'High' (10-20%), 'Moderate' (0-10%) and 'Low' (<0%).

2.2 Industry growth performance during July-September FY17 over July-September FY16

The results of the latest CII ASCON Industry Survey for July-September (Q2) FY17 reveals divergence in the growth trends in the Q2FY17 quarter as compared to the same quarter previous year. This is borne out of the fact that out of the 93 sectors surveyed, the share of the sectors recording 'Excellent' growth of >20 percent has increased substantially to 15.1 percent (14 out of 93) in July-September FY17 quarter as against 7.5 percent (7 out of 93) recorded in the same quarter previous year. At the same time the share of sectors witnessing 'High' growth rate of 10 to 20 percent has witnessed a marginal decline recording a share of 15.1 percent (14 out of 93) in the July-September FY17 from 16.1 percent (15 out of 93) during the corresponding period a year ago.

The Survey reveals that the share of sectors reporting 'Moderate' growth (0–10 percent) has shrunk to 29.0 percent (27 out of 93) in Q2 FY17 as compared to 46.2 percent (43 out of 93) recorded in the same quarter last year. Also the share of sectors witnessing "Low" growth (<0 percent) has surged from 30.1 percent (28 out of 93) to 40.9 percent (38 out of 93) in Q2 FY17.

Figure 2.2: Industry performance Q2 FY17 over Q2 FY16 (in %)



The silver lining is the significant rise in the share of sectors in the 'Excellent' growthcategory and stability in 'High' growth sectors which suggests pick-up in growth momentum in some pockets. A further detailed sectoral analysis, reveals that while the growth trends are still concentrated in the 'Moderate' category (0-10%), a rise in the number of sectors reporting low growth of less than 0 percent is a cause of concern.

The sectoral trends for year-on-year growth also reveal that growth is coming from a few parts of economy and a comprehensive mix is yet to be achieved.

In the basic and intermediate goods categories, a large number of sectors have reported growth numbers falling in the 'Moderate' category. With government's increased thrust on infrastructure sector, there has been some uptick in activity in the basic and intermediate goods segments. This is reflected in the expansion in the output in core sectors such as steel and fertilizers. While the Steel continues to show signs of revival due to Government policy support measures, other sectors like cement, crude oil and petroleum and refinery have registered moderate growth in the surveyed quarter.

The Capital Goods sector, a bellwether for actual implementation of the announcements on the ground, has also shown mixed trends. The subsectors in the capital and engineering goods sectors like earthmoving and construction equipment, power transformers have reported excellent growth, whereas machine tools industry has witnessed high growth. Other sectors such as transmission line towers, etc. have reported moderate growth in the surveyed quarter. The growth trends reveal that ordering activities continues to be on a positive track in select spaces mainly on the back of orders from roads, railways, solar and defence. This points to the fact that the investment cycle is yet to become broad-based.

On the back of good monsoons, low inflation and payouts of Seventh Pay Commission, performance of the consumer durables, an indicator of consumer spending, has also shown improvement. The domestic passenger vehicle (PV) industry continued on fast track in Q2 FY2017 registering a healthy volume growth during Q2FY2017. Two-wheeler sales, a credible barometer of rural and semi urban demand, has shown good acceleration in the second quarter.

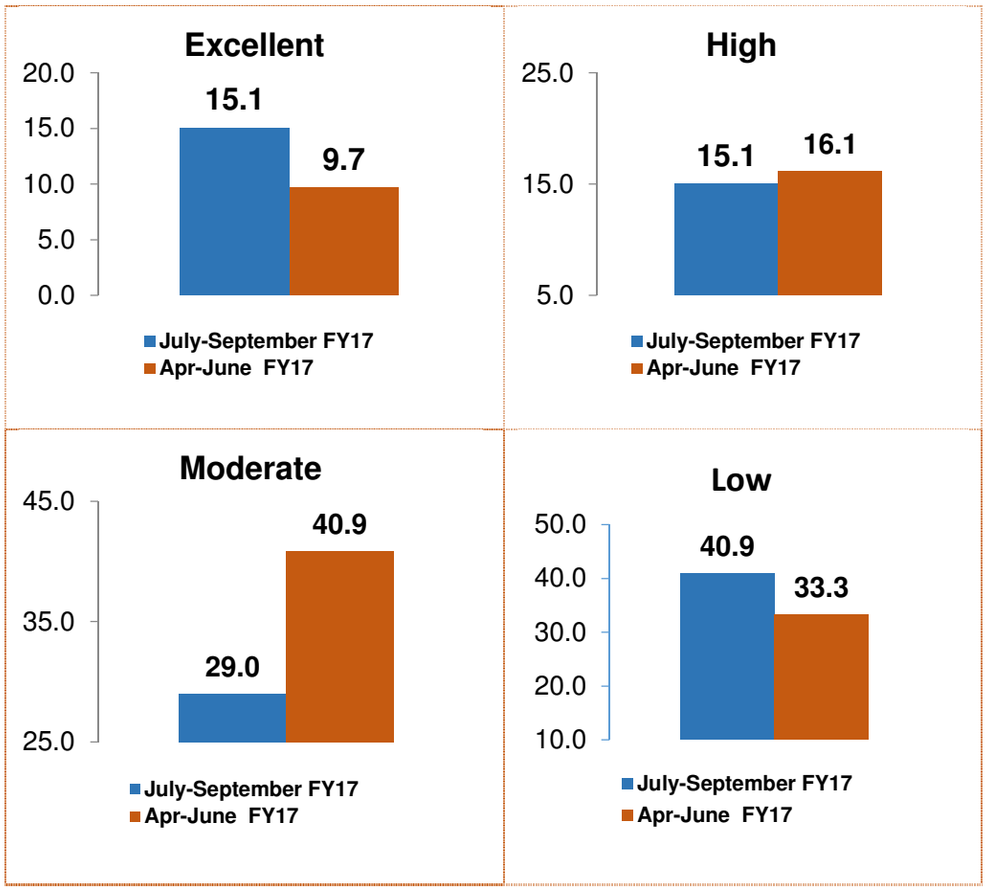
Among the services sector, the growth trends in the lead indicators such as cargo handled by civil aviation, foreign tourist arrivals, robust improvement in sales of two wheelers, passenger cars and tractors indicates pick up in the services related sectors like hotel, transport, communication, banking and financial sectors etc . While, construction activity remained subdued on account of stalled projects in the sector and onset of monsoon, a subdued global economic environment continues to weigh upon export oriented service industry notably software and business service exports which together account for approximately 50 per cent of the total service exports.

2.3 Industry growth performance during Q2 FY17 over Q1 FY17

A further analysis on a sequential quarter-on-quarter basis also reveals slowing in the growth performance from the previous quarter. While the percentage of sectors reporting 'excellent' performance in April-June FY17 has surged, registering 15.1 percent (14 out of 93) as compared to a share of 9.7 percent (9 out of 93) in the previous quarter, the share of 'high' growth sectors has shrunk marginally to 15.1 percent (14 out of 93) in Q2 (July-September) FY17 from a share of 16.1 percent (15 out of 93) in Q1 FY17.

At the same time the share of sectors witnessing moderate growth has declined sharply registering 29.0 (27 out of 93) in Q2 FY17 as against 40.9 (38 out of 93) recorded in Q1 FY17. At the same time, there has been a significant rise in the sectors witnessing 'Low Growth. The sectors witnessing 'Low Growth' has inched up from 33.3 percent (31out of 93) in Q1 FY17 to 40.9 percent in (38 to 93) in Q2 FY17.

Figure 2.3: Industry performance Q1 FY17 over Q4 FY16 (in %)

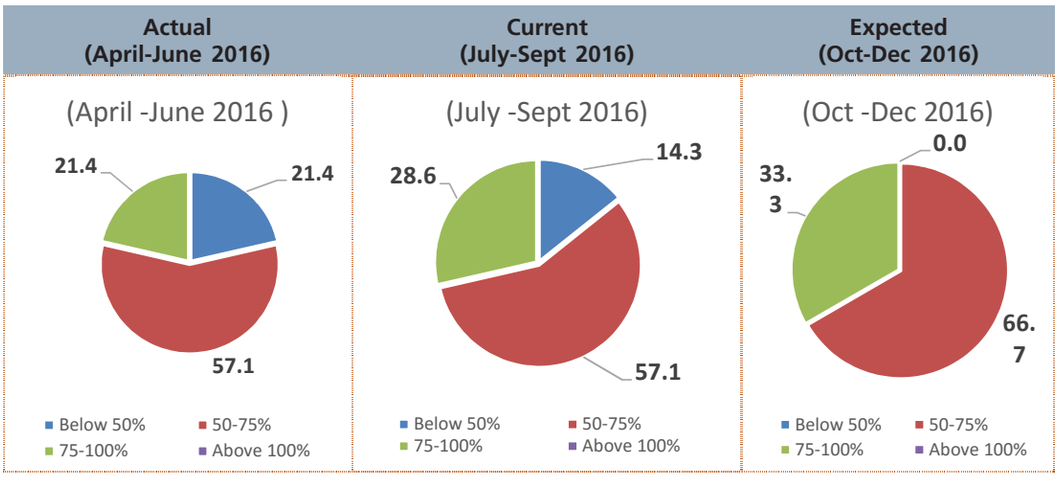


2.4 Capacity Utilization

On the capacity utilization front, an indicator of demand acceleration in the economy, the Survey reveals a mild improvement in the surveyed quarter as compared to the last quarter and the quarter going forward. While the onset of festive season has supported higher utilization of the existing capacities in some sectors, overall the capacity utilization level in the industry remains modest with majority of the sectors reporting to continue to operate in the range of 50-75 percent. Around 2/3rd of the respondents have reported capacity utilizations in the range of 50 to 75 percent for the July-September 2016 quarter, the same as recorded in April –June quarter 2016 quarter (figure 2.4).

However going forward there are expectations of improvement in the capacity utilization. Expectations on the improvement in capacity utilization trends is indicative of the improvements in the demand conditions supported by a normal monsoon in the current year and government's efforts in clearing projects, addressing situation on high NPA's and cheap imports that were impacting the capacity utilization. Expectations of rising capacity utilization further prompt towards an expected pick up in the private investment going forward.

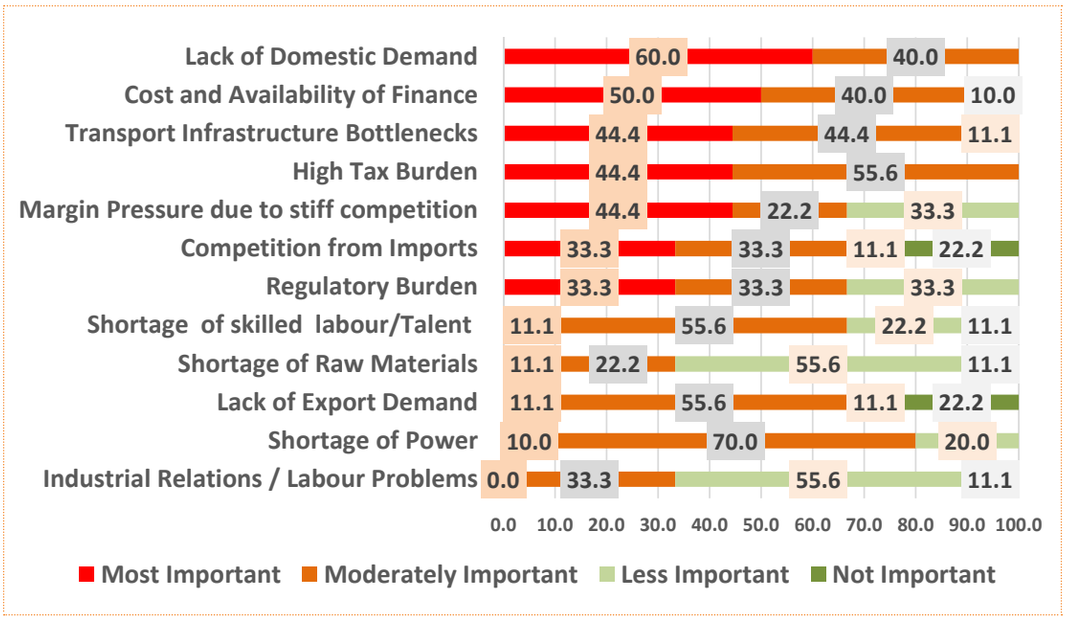
Figure 2.4: Capacity Utilization trends



2.5 Issues and Constraints

With respect to issues and concerns impacting growth, lack of domestic demand (60%), cost and availability of finance (50%), high tax burden, regulatory burden and transport infrastructure bottlenecks (44.4 %), have been cited as the "Most Important" constraints by more than 40 percent of the respondents. On the other hand, shortage of power (70 %), shortage of skilled labor and high tax burden (55.6 %) were reported as "Moderately Important" issues before the industry.

Figure 2.5: Issues and Constraints

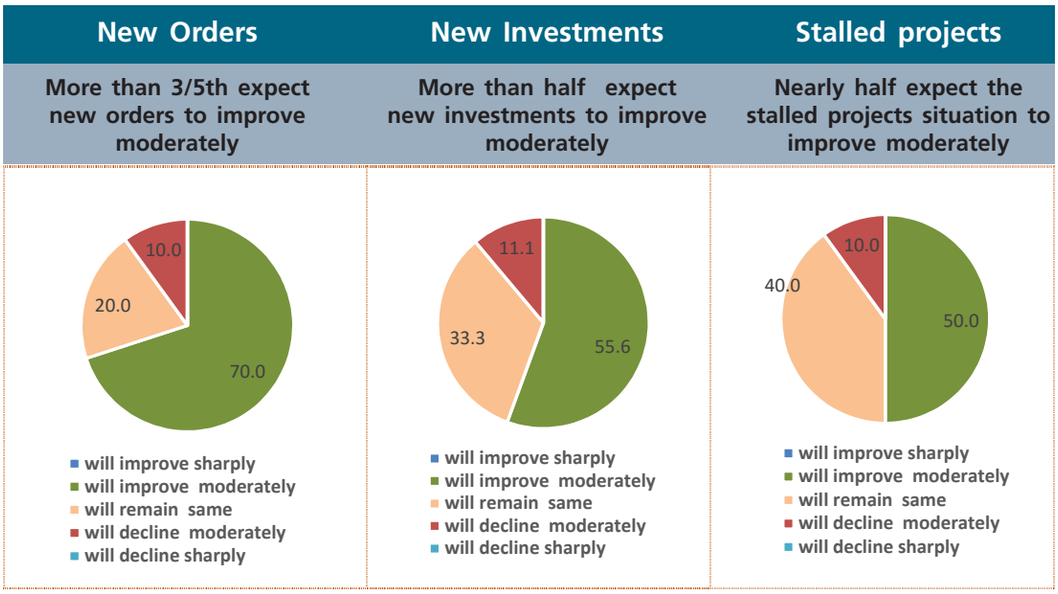


2.6 Investment outlook for next six months

On the industry outlook for the next six months, overall trends point towards a moderate recovery in the next six months. Nearly 70 percent of the respondents expect moderate improvement in the overall business situation. On the new orders front, 70 percent of the respondents expect moderate improvement in the pick-up of new orders in the coming quarters. The Survey responses suggest that various steps taken by the government recently such as higher budget allocation to infrastructure sector, opening of sectors to FDI, expeditious project clearances and ease of doing business are expected to lift the investment and business scenario going forward. On the situation on stalled projects, 50 percent of the respondents expect the situation on the stalled projects to remain same.

55.1 percent of respondents expect moderate improvement in new investments in the next six months. While this is a good sign given the investments levels are low, and signals revival in private capex which at present has been following cautious approach.

Figure 2.6.1: Investment outlook for the next six months

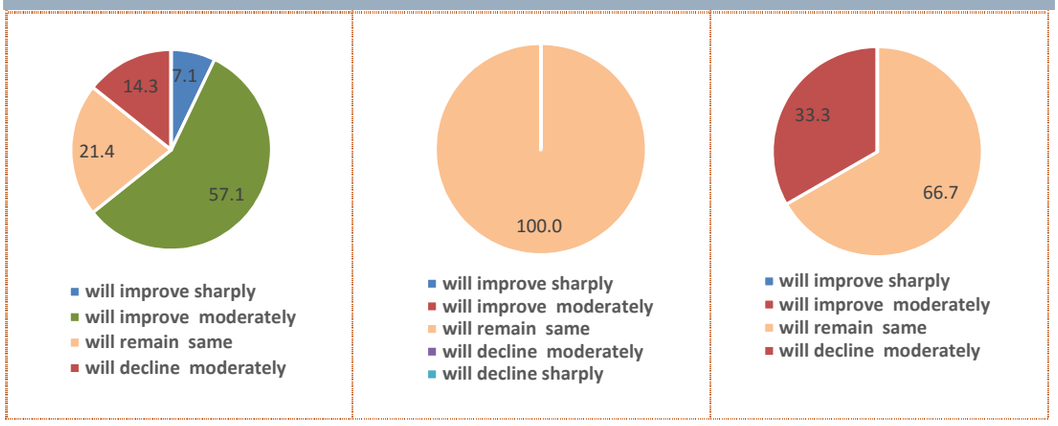


On the sales front, 57.1 percent of the respondents expect the situation to improve moderately in the next two quarters. It is expected that continued traction in urban consumption and revival of the rural economy would have a multiplier effect on sectors that are driven by consumption.

While on the imports front, 66.7 percent of respondents expect the situation to remain the same. On the exports front, a staggering 100 percent of the respondents are of the view that the situation will remain the same in the next two quarters suggesting modest support from the global environment in supporting demand in the coming quarters.

Figure 2.6.2: Business outlook for the next six months

Sales	Export	Imports
More than half of the respondents expect the situation to improve moderately	respondents expect no change in situation on Exports front	More than 3/5th of respondents expect the situation to remain same



Conclusion

While overall the situation remains stable, signals of capacity expansion by the private sector and a broad-basing of activity in infrastructure are eagerly awaited, which would be crucial to ensure that the uptick in economic growth is durable.

Overall, going forward, recovery is expected to continue to be led by improvement in consumption, as the lagged impact of normal monsoon, 7th pay commission payouts and onset of festival season provide support. In terms of sectors, it is expected that the continued traction in urban consumption and revival of the rural economy would have a multiplier effect on sectors that are driven by consumption. Revival in demand would eventually translate to revival in private capex as well.

INDUSTRY SUGGESTIONS

To further push the pace of recovery in economic and industrial growth, the respondents to CII ASCON Industry Survey have suggested the following broad measures:

✓ Focus on Implementation

The respondents in the Survey have stressed on the quick implementation of the announcements in the infrastructure space. Given the continued weakness in private capex growth, government's role continues to remain crucial not just in reviving investment cycle through faster approval of projects but also through swifter policy execution in sectors where it enjoys relative prominence such as railways, roads, ports, mining, among others.

✓ Getting Infrastructure Projects back on track

The problem of stressed assets in the infrastructure sector have resulted in most of the infrastructure companies in deep financial stress. To spur overall infrastructure growth the government needs to

- Fast-track its stated plan of **rebooting the public-private partnerships (PPPs) framework.**
- Also, the government may expeditiously act on the recommendations of Kelkar Committee to revive infra projects.
- **PPP Renegotiations** - Keeping in view the long-term nature of PPP contracts and potential uncertainties of the real economy, there is a dire need for institutional agreement and issuing guidelines for renegotiation of PPP concession agreements. Timely setting up of the proposed guidelines to renegotiate terms of contract is in the best interests of the country which would enthuse investors' sentiment.
- **Risk Sharing** - Lopsided risk sharing mechanism is affecting the private sector sentiment. There is an urgent need to reset traditional risk allocation formats, which would bring in much needed change in mindset of both parties- Concessionaries and Concessioning authority. The recent example of this change is hybrid annuity model, which removes traffic and tolling risks from the private concessionaire's purview.

✓ Revival of Stalled Projects

The revival of economic growth critically hinges on the Government's measures towards higher capital expenditure and revival of projects, untangling of stalled projects will be curtail to bring down the capital output ratio and trigger higher growth from less capital.

✓ Incentivize investments

To further incentivize investments the respondents in the survey have suggested following:

- Reinstatement of Minimum Alternate TAX (MAT) exemption on SEZ Profits. Increasing the threshold limit from exemption of Alternate Minimum TAX (AMT) from Rs. 20 lakhs to Rs. 50 lakhs.
- Extending the scope of Section 80 IA of the income tax act, 1961 to include units engaged in business of manufacturing defence and aerospace equipment & upgrading existing infrastructure.
- Tax benefit on Expenditure on scientific research – extending the benefit of weighted deduction to expenditure incurred on "building and infrastructure" exclusively used for R&D.
- Tax Benefit for Expenditure on Skill Development U/s 35CCD- A clarification/ an amendment to Income-tax Rules, 1962 (Rules), be issued clarifying that the tax benefit for "skill development", would be available to all companies engaged in the business of manufacture or production of any article or thing or in providing services.
- Depreciation rate for Motor Cars, MUVs and 2 wheelers, should be raised to 25% from 15% because of faster obsolescence of technology.
- Need financial allocation for Vehicle Fleet Modernisation.
- Interest subvention for technological upgradation
- Rationalizing Cenvat Credit scheme. Amending the definition of input and input services be so that credit is available for all inputs and input services with no restrictions. Allowing CENVAT Credit of Swachh Bharat Cess (SBC)
- Considering Roll back of Clean energy cess to Rs. 200/- per tonne.

✓ Ensuring effective indigenous value addition

- Promoting Domestic Sourcing; Effective implementation of the Public Procurement Policy, National Capital Goods Policy, rethinking and streamlining of various procurement policies at the state and local level should support in bolstering the domestic demand along with generating significant market linkages for MSMEs; Addressing issue of delayed payments.

- **Promoting innovation and capacity building:** Focusing more on Design in India to drive Make in India. Developing integrated research facilities feeding to the MSME sector; Provide fiscal benefit for innovation. Improve Industry-Institute interactions to promote creation of commercially viable technologies. Focus on Skill Development. Actively encourage the spending on institutes for Technology & Product development.
- **Considering Phased Manufacturing Program (PMP)** for the growth driving products such as Mobiles/LEDs/Set-top boxes to promote indigenous manufacturing in the country.
- **Discouraging import of second hand machinery** for modernization; discouraging import of cheap and obsolete technology/machinery by providing necessary safeguards.
- **Ensuring availability of raw materials** of strategic importance for the manufacturing industry at globally competitive prices; facilitating sourcing, stockpiling indigenous mining /exploration, technology transfer of rare earth. Expedite creation of component trading hubs for regular supply /availability of components for MSME;
- **Supporting Local production of Raw Materials:** Correcting Inverted duty structure on raw materials for providing level playing field with imports

✓ Enhancing competitiveness of the Indian Industry

The survey respondents have reiterated on making the industry especially manufacturing competitive which will be essential for 'Make in India' success.

- **Reduction in Cost of finance**
- **Ensuring availability of quality power** to the industry; Making open access to power hassle-free.
- **Reducing Logistics cost** - Laying a well-structured plan for developing export ecosystem; Developing and promoting coastal shipping and inland water transport; expediting action on reforms related to trade and business environment. Provide Ease of Doing Business for Trading across Borders as per International Standards
- **Tapping the opportunity for exports:** Addressing the issue of non-tariff and technical barriers before various items of export from MSME sector to various countries; Effective implementation of the various market development schemes such as the Market Development Assistance (MDA).
- Focusing on reducing transaction costs by enabling a more conducive taxation system along with relatively flexible labor and land-acquisition laws.

APPENDIX A

Appendix A: Sample coverage and methodology

The CII ASCON Industry Survey, which tracks the growth of different industrial and services sectors of the economy, is based on the feedback collected from industry associations affiliated to CII. The industry associations encompass wide range of sectors from the domain of small, medium and large enterprises spread over the length and breadth of the country. Further, the Survey has enumerated responses from both public and private sectors. The companies covered in the Survey represent a wide spectrum of sectors including basic goods, intermediate goods, capital goods, consumer durables and non-durables and services sector. In most of the cases, these account for approximately 70% of the total industry output in the respective sectors.

Table A1: Sample Coverage: Use-based classification of sectors

Sectors	Apr-June FY17	July-September FY17
Basic Goods	26	26
Intermediate Goods	14	14
Capital Goods	9	9
Consumer Durables	20	20
Consumer non-durables	19	19
Other including services	5	5
Total	**93**	**93**

Total 93 responses were received for Apr-June FY17 and the July-September FY17 quarter. For the purpose of uniformity in comparison and analysis apple –to- apple comparison of sectors was undertaken.

APPENDIX B

Distribution of total sample sectors over different growth ranges

Table B1: Production (July-September FY17 over FY16)

Excellent[1]	High	Moderate	Low
Air Cargo Transportation Chromite Circuit Breakers (LT) Construction Equipment Machinery DAP Domestic Cargo Goods Carrier (3W) Mopeds Motor Starters Naphta Packaging Paper / Board Power Transformer Scooter/ Scooterettee Utility Vehicles(UVs)	Foreign Tourist Arrivals Forgings International Cargo LDO Machine Tools Nuclear Nylon Filament Yarn Passenger Carriers (LCVs) Polyurethane Steel Sugar Total Passenger Vehicles (PVs) Total Two wheelers	Alcoholic Beverage ATF Ball & Roller Bearings Beer Cement Circuit Breakers (HT) Diesel Electricity Glass Products Goods Carriers (LCVs) Hydro Electric Industrial Gases Iron Ore Limestone LPG Lubes Motor cycles/Step-Throughs Passenger Cars Petroleum Refinery Polyester Filament Yarn Polyester Staple Fibre Railways Sponge Iron Steel re rollers Total LCVs Tractors Transmission Line Towers Vans	Bauxite Bitumen Capacitors (LT & HT) Coal Crude Oil Distribution Transformer Energy Meters Fertilizer Goods Carriers (M&HCVs) Groundnut Oil Imported Oils Kerosene MG Variety / Poster Motors (HT) Motors (LT) Natural Gas Newsprint NP/NPK Other Oil Passenger Carrier (3W) Passenger Carriers (M&HCVs) Petrol Power Cables - PVC & XLPE Rape/Mustard Relay/ Control Panel Soya Specialty Paper SSP Sunflower Oil Tea Textile Machinery Thermal Total Commercial Vehicles Total Edible Oils Total M&HCVs Total Three Wheelers Urea Writing & Printing Paper

[1] The Survey classifies the growth trends across four broad categories, namely excellent (>20%), High (10-20%), Moderate (0-10%) and Low (<0%).

Table B2: Sales (July-September FY17 over FY16)

Excellent	High	Moderate	Low
Goods Carrier (3W) Mopeds Scooter/ Scooterettee Total Two wheelers Tractors Utility Vehicles(UVs)	Forgings Goods Carriers (LCVs) Machine Tools MOP Motor cycles/Step-Throughs Nylon Filament Yarn Passenger Cars Total LCVs Total Passenger Vehicles (PVs) Tourism (Earnings) Vans	Ball & Roller Bearings Beer Freight Earnings (railway) Glass Products Industrial Gases Passenger Carrier (3W) Passenger Carriers (LCVs) Passenger Carriers (M&HCVs) Polyester Filament Yarn Polyester Staple Fibre Textile Machinery Total Three Wheelers Urea	DAP Goods Carriers (M&HCVs) NKP/NP SSP Sugar Total Commercial Vehicles Total M&HCVs

Table B3: Exports (July-September FY17 over FY16)

Excellent	High	Moderate	Low
Goods Carriers (M&HCVs) Mopeds Passenger Carriers (LCVs) Scooter/ Scooterettee Total M&HCVs Utility Vehicles(UVs) Vans	Forgings Passenger Cars Total Commercial Vehicles Total Passenger Vehicles (PVs)	Ball & Roller Bearings Glass Products Goods Carriers (LCVs) Machine Tools Passenger Carriers (M&HCVs) Steel re rollers Total LCVs Tractor	Goods Carrier (3W) Motor cycles/Step-Throughs Passenger Carrier (3W) Sugar Textile Machinery Total Three Wheelers Total Two wheelers

Confederation of Indian Industry

The Confederation of Indian Industry (CII) works to create and sustain an environment conducive to the development of India, partnering industry, Government, and civil society, through advisory and consultative processes.

CII is a non-government, not-for-profit, industry-led and industry-managed organization, playing a proactive role in India's development process. Founded in 1895, India's premier business association has over 8000 members, from the private as well as public sectors, including SMEs and MNCs, and an indirect membership of over 200,000 enterprises from around 240 national and regional sectoral industry bodies.

CII charts change by working closely with Government on policy issues, interfacing with thought leaders, and enhancing efficiency, competitiveness and business opportunities for industry through a range of specialized services and strategic global linkages. It also provides a platform for consensus-building and networking on key issues.

Extending its agenda beyond business, CII assists industry to identify and execute corporate citizenship programmes. Partnerships with civil society organizations carry forward corporate initiatives for integrated and inclusive development across diverse domains including affirmative action, healthcare, education, livelihood, diversity management, skill development, empowerment of women, and water, to name a few.

The CII theme for 2016-17, Building National Competitiveness, emphasizes Industry's role in partnering Government to accelerate competitiveness across sectors, with sustained global competitiveness as the goal. The focus is on six key enablers: Human Development; Corporate Integrity and Good Citizenship; Ease of Doing Business; Innovation and Technical Capability; Sustainability; and Integration with the World.

With 66 offices, including 9 Centres of Excellence, in India, and 9 overseas offices in Australia, Bahrain, China, Egypt, France, Germany, Singapore, UK, and USA, as well as institutional partnerships with 320 counterpart organizations in 106 countries, CII serves as a reference point for Indian industry and the international business community.

Confederation of Indian Industry
The Mantosh Sondhi Centre
23, Institutional Area, Lodi Road, New Delhi – 110 003 (India)
T: 91 11 45771000 / 24629994-7 • **F:** 91 11 24626149
E: info@cii.in • **W:** www.cii.in

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Reach us via our Membership Helpline: 00-91-124-459 2966 / 00-91-99104 46244
CII Helpline Toll free No: 1800-103-1244