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# MNI India Consumer Report August 2014

Insight and data for better decisions

## About MNI Indicators

### Insight and data for better decisions

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Specialising in business and consumer focused macro-economic reports, we give our customers the ability to make timely and relevant decisions. We strive to provide up-to-date information on business and consumer confidence on the economy.

MNI Indicators publishes data on a monthly basis. Our indicators are based on a unique and proprietary methodology and are designed to present an advance picture of the economic landscape as perceived by businesses and consumers every month.

Our monthly reports explore attitudes, perspectives and confidence across different countries and regions. They deliver in-depth analysis, highlight changing patterns and how these can affect potential developments in business and consumer activities.

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#### Release Time

Embargoed until 9:45 a.m. Mumbai time

September 3, 2014

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# MNI India Consumer Report - August 2014

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## Open for Business

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Modi's Independence Day speech invited global companies to come and "Make in India" whether it was plastics, automobiles, agricultural goods or satellites...

It's been three months since the Bharatiya Janta Party (BJP) led by Narendra Modi came to power with a sweeping mandate. Even though any significant transformation will take time, we already see a change in mood among businesses and investors towards India.

In 2013, the Indian economy grew below 5% for the second consecutive year, industrial production growth was less than 1% and inflation hovered around 10%. There were stalled projects amid delays in land acquisitions, environmental clearances and graft allegations under former Prime Minister Manmohan Singh's UPA Govt. Bureaucratic hurdles and a lack of meaningful policy only exacerbated the leakage of capital which flowed out the economy last year, further compounding growth problems.

The change in India's fortunes has by some measures been quite dramatic. Around \$12 trillion has flowed into the country in foreign investment in just two months since May. A classic example is Mr. Ajay Piramal, the chairman of the healthcare and financial services group Piramal Enterprises, who had started investing significant amount of capital overseas to diversify his operations away from India citing the hostile and complex business environment, but is now back to investing in the country. He's invested in a local financing company (Shriram capital) and announced further expansion of his infrastructure financing platform in India. Flipkart announced last month that it had raised \$1 bn in new equity for expansion and improvements, capital that was raised primarily from the large global blue-chip institutional investor community which had been extremely passive into putting capital in India, a marked shift from the days before Modi took the reins. A day later, Amazon, which launched in India a year ago, said it was increasing its bet on growth in the country, announcing that it had found another \$2 bn to invest. In another instance, Indian billionaire Gautam Adani struck a Rs 20bn (\$321mn) power station deal with

Lanco Infratech, the latest in a series of acquisitions involving industrial tycoons who are reshaping the country's battered energy sector. The sale followed a \$1.6bn deal a month ago in which billionaire Anil Ambani's Reliance Group signed an agreement to buy the hydropower operations of Jaypee Group, another industrial business.

Although, the bold reforms that some investors and businesses were expecting to see quickly following the election haven't been delivered, leading to some disappointment among the investor community, there remains a general air of confidence that things will get done. Modi's Independence Day speech invited global companies to come and "Make in India" whether it was plastics, automobiles, agricultural goods or satellites... His ambition to transform India into a leading manufacturing hub may be a little overblown (can India really be the next China?), but his track record suggests he'll make some progress.

It's still early to judge the new government, however what is clear is that both domestic and international companies seem more open to the idea of expanding and investing money in India. Our recent business and consumer surveys have echoed this confidence in India's future and it is now down for Modi to make good on his promises.

#### **Shaily Mittal**

Economist

MNI Indicators



# Executive Summary

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The MNI India Consumer Indicator rose in August, boosted by tax breaks in the recent budget and a seasonal boost to spending from the festival season.

The MNI India Consumer Indicator rose 0.8% to 125.2 in August from 124.1 in July, boosted by tax breaks in the recent budget and a seasonal boost to spending from the festival season.

Three out of the five components which make up the Consumer Indicator rose between July and August. Durable Buying Conditions rose to 116.9, the highest level since May 2013, and contributed the most to the rise in confidence in August. A decline of 4.4% on the month to 135.1 in respondents' optimism about Business Conditions in Five Years had the largest downward impact on sentiment.

The Current Personal Finances Indicator fell to 115.4, the lowest for more than a year in August with a number of respondents highlighting that their jobs were less secure, chiming with the downturn in the Employment Outlook Indicator to a series low of 109.8. Respondents were more optimistic about their future finances, possibly viewing the budget measures as broadly positive for growth.

Consumers were more confident about the housing market, with the House Prices Expectations Indicator increasing for the third consecutive month to 148.7, the highest level since March.

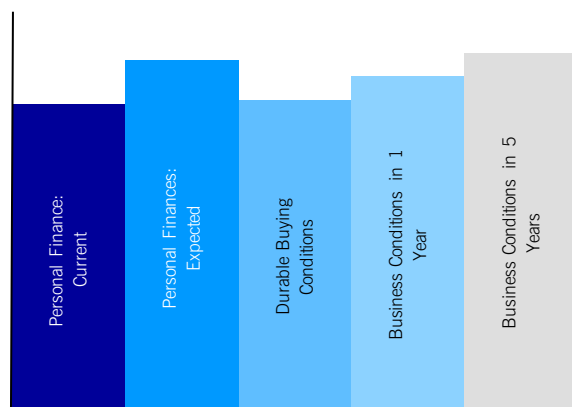
Consumers' dissatisfaction with the current level of prices increased in August following two months of improvement, while expectations for inflation eased slightly. The Current Prices Satisfaction Indicator fell to 68.3 in August from 72.5 in July, below the average of 75.4 for the past 12 months and the series average of 83.3.

The Car Purchase Expectations component, which gauges whether consumers believe it is a good or bad time to purchase a car over the next 12 months, rose to 108.4 in August after the announcement of an extension to tax cuts on automobiles in the budget combined with a high proportion of consumers expecting lower interest rates. The Interest Rates

Expectations Indicator declined to a 17 month low of 119.4.

While the Stock Investment Indicator ticked up slightly to 113.5 in August, although it was down considerably from the series' high of 120.6 seen in May as an increasing number of consumers thought that equity prices were already very high.

MNI India Consumer Indicator - Components



## All India - Overview

	Jun-14	Jul-14	Aug-14	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
<b>MNI India Consumer Indicator</b>	126.2	124.1	125.2	Jun-14	-	125.2	1.1	0.8%
Current Indicator	115.7	114.2	116.2	Feb-14	-	115.4	2.0	1.7%
Expectations Indicator	133.2	130.8	131.2	Jun-14	-	131.7	0.4	0.3%
Personal Finance: Current	122.9	119.1	115.4	-	Jul-13	119.1	-3.7	-3.1%
Personal Finance: Expected	128.1	125.2	132.1	Mar-14	-	128.5	6.9	5.5%
Business Condition: 1 Year	127.2	125.9	126.4	Jun-14	-	126.5	0.5	0.4%
Business Condition: 5 Years	144.5	141.3	135.1	-	Jan-14	140.3	-6.2	-4.4%
Durable Buying Conditions	108.5	109.3	116.9	May-13	-	111.6	7.6	7.0%
Current Business Conditions Indicator	111.4	107.7	109.0	Jun-14	-	109.4	1.3	1.2%
Stock Investment Indicator	118.4	112.9	113.5	Jun-14	-	114.9	0.6	0.6%
Real Estate Investment Indicator	110.6	110.3	111.3	May-14	-	110.7	1.0	0.9%
Car Purchase Indicator	78.6	75.6	78.5	Jun-14	-	77.6	2.9	3.9%
Employment Outlook Indicator	122.5	119.9	109.8	-	series low	117.4	-10.1	-8.4%
Inflation Expectations Indicator	131.5	137.0	133.7	-	Jun-14	134.1	-3.3	-2.5%
Current Prices Satisfaction Indicator	69.8	72.5	68.3	-	May-14	70.2	-4.2	-5.8%
Interest Rates Expectations Indicator	135.3	130.2	119.4	-	Mar-13	128.3	-10.8	-8.3%



## All India - Summary

	2013					2014							
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
<b>MNI India Consumer Indicator</b>	118.7	115.9	120.2	122.5	123.9	121.2	127.8	125.8	125.2	122.1	126.2	124.1	125.2
Current Indicator	113.9	109.3	113.9	117.0	119.0	113.2	118.4	115.5	114.1	114.6	115.7	114.2	116.2
Expectations Indicator	122.0	120.3	124.3	126.2	127.2	126.6	134.2	132.8	132.6	127.2	133.2	130.8	131.2
Personal Finance: Current	116.3	118.0	117.1	123.3	122.5	120.5	125.3	119.4	121.8	120.6	122.9	119.1	115.4
Personal Finance: Expected	122.1	118.4	122.4	125.3	131.0	127.8	137.4	133.1	130.2	122.5	128.1	125.2	132.1
Business Condition: 1 Year	115.3	114.1	119.3	118.2	117.4	119.3	128.2	124.5	126.3	122.3	127.2	125.9	126.4
Business Condition: 5 Years	128.5	128.4	131.3	135.2	133.1	132.7	136.9	140.8	141.3	136.8	144.5	141.3	135.1
Durable Buying Conditions	111.5	100.7	110.7	110.7	115.5	106.0	111.4	111.6	106.4	108.6	108.5	109.3	116.9
<b>Current Business Conditions Indicator</b>	111.4	108.9	108.2	109.1	114.5	108.9	116.0	102.9	106.3	104.7	111.4	107.7	109.0
<b>Stock Investment Indicator</b>	104.5	106.4	96.8	96.8	102.3	102.3	105.1	89.7	110.9	120.6	118.4	112.9	113.5
Investment Return	110.9	125.2	94.0	93.5	100.5	103.0	104.5	82.7	114.6	139.1	132.8	131.1	126.5
Stock Price Sentiment	116.5	124.8	107.5	115.8	105.8	107.4	103.7	128.6	119.3	112.8	117.8	125.6	106.0
Stock Market Expectations	119.2	118.8	103.8	112.6	112.1	111.1	114.3	114.9	137.4	135.5	140.1	133.2	120.1
<b>Real Estate Investment Indicator</b>	109.8	109.7	110.4	113.2	114.4	114.2	119.1	117.8	114.4	111.9	110.6	110.3	111.3
House Price Expectations	140.8	144.7	148.6	147.9	143.8	143.1	152.6	148.6	145.9	139.8	142.6	144.9	148.7
House Buying Sentiment	100.6	98.1	95.0	92.8	104.8	94.9	107.7	102.8	102.1	103.2	99.1	99.7	97.4
House Selling Sentiment	111.9	113.6	112.5	101.2	105.4	95.5	102.9	98.2	104.9	107.3	110.0	113.7	112.2
<b>Car Purchase Indicator</b>	61.6	60.1	67.1	65.7	73.8	69.2	73.0	75.3	71.7	75.2	78.6	75.6	78.5
Car Purchase Expectations	94.3	90.3	98.4	97.7	103.0	99.0	103.2	108.9	102.3	101.8	101.7	105.4	108.5
Price of Gasoline Expectations	171.0	170.2	164.1	166.3	155.4	160.6	157.2	158.3	158.8	151.4	144.6	154.2	151.4
<b>Employment Outlook Indicator</b>	119.2	113.2	114.6	121.0	117.6	112.0	121.8	115.7	115.7	116.5	122.5	119.9	109.8
Inflation Expectations Indicator	152.9	156.1	152.4	159.2	152.6	153.6	154.8	154.2	152.2	146.4	131.5	137.0	133.7
Current Prices Satisfaction Indicator	92.6	83.2	90.2	70.2	86.2	75.7	75.4	67.2	66.3	63.0	69.8	72.5	68.3
Interest Rates Expectations Indicator	133.8	136.1	137.5	138.8	140.4	136.3	134.6	133.0	133.6	130.1	135.3	130.2	119.4

## All India - Records

	2012-Current			
	Minimum	Maximum	Mean	Median
<b>MNI India Consumer Indicator</b>	115.9	133.7	123.8	123.9
Current Indicator	109.3	128.3	116.8	115.6
Expectations Indicator	120.3	137.3	128.4	127.6
Personal Finance: Current	114.2	135.4	121.6	120.9
Personal Finance: Expected	118.4	141.5	128.9	129.3
Business Condition: 1 Year	114.1	131.8	122.4	121.7
Business Condition: 5 Years	123.9	144.5	133.8	133.0
Durable Buying Conditions	100.7	121.1	112.1	111.6
<b>Current Business Conditions Indicator</b>	102.9	124.9	113.6	112.3
<b>Stock Investment Indicator</b>	89.7	120.6	105.6	104.5
Investment Return	82.7	139.1	112.6	110.5
Stock Price Sentiment	100.4	128.6	111.4	107.5
Stock Market Expectations	103.8	140.1	118.1	114.7
<b>Real Estate Investment Indicator</b>	109.7	119.9	114.1	114.2
House Price Expectations	133.3	152.6	143.0	143.1
House Buying Sentiment	92.8	121.5	105.7	104.0
House Selling Sentiment	95.5	113.7	107.1	108.1
<b>Car Purchase Indicator</b>	60.1	84.0	73.2	74.5
Car Purchase Expectations	90.3	114.8	103.7	104.3
Price of Gasoline Expectations	142.5	171.0	157.2	156.8
<b>Employment Outlook Indicator</b>	109.8	128.3	118.9	119.1
Inflation Expectations Indicator	126.8	159.2	145.7	147.9
Current Prices Satisfaction Indicator	63.0	115.9	83.3	80.7
Interest Rates Expectations Indicator	116.6	140.4	130.3	131.0

# Consumer sentiment increased marginally in August.

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The MNI India Consumer Indicator rose 0.8% to 125.2 in August from 124.1 in July, with consumers increasingly optimistic about both current and future conditions.



# Economic Landscape

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Recent economic data revealed that the economy grew at the fastest pace in two years in the April-June quarter, a tentative sign that India may be emerging from a period of very weak growth.

Recent economic data revealed that the economy grew at the fastest pace in two years in the April-June quarter, a tentative sign that India may be emerging from a period of very weak growth. The acceleration in economic growth was driven by a turnaround in the manufacturing sector which had previously been a drag on GDP whilst investment picked up following increased confidence about the popular pro-business BJP government. Inflation data, though, accelerated in July, with the poor monsoon likely to put more pressure on prices over the coming months.

In his inaugural Independence Day Speech, Prime Minister Narendra Modi took the opportunity to highlight India's need for better governance, but once again failed to elaborate on how this would actually be achieved. One commitment he made was to scrap the Planning Commission, ending India's Five-Year Plans which attempted to mimic the Soviet-style command economy. Additionally, he called upon the world to "come, make in India" whilst encouraging the young to reduce their reliance on imported goods in an effort to reduce India's trade deficit, which widened to a one year high in July. Moreover, the government

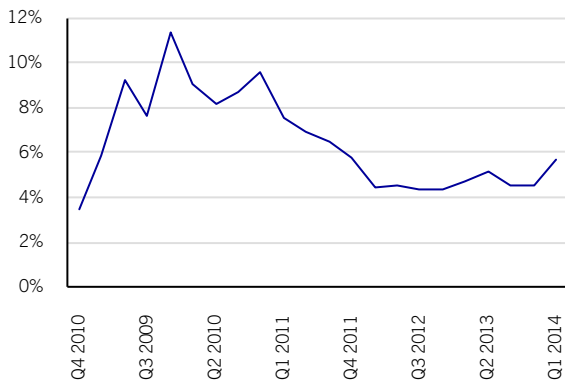
rolled out the Pradhan Mantri Jan Dhan Yojana (Prime Minister Scheme for People's Wealth) programme, an ambitious fiscal inclusion plan which aims to bring an end to 'financial untouchability' with 10.5 million bank accounts opened on the first day alone. It is thought that this will help curb trade in the shadow economy and improve the ease of transactions for both businesses and consumers alike.

**Economy grows at fastest pace in two years**

The first GDP figures released since the election of Modi's pro-business BJP revealed that the economy expanded at the quickest rate in two years. Nevertheless, the government cannot take all of the credit for the buoyant figures having only been elected in May. The economy grew by 5.7% on the year in the three months to June, up from 4.6% in the previous quarter. Moreover, it was significantly above the 4.4% recorded a year earlier, which at the time was the worst growth in four years.

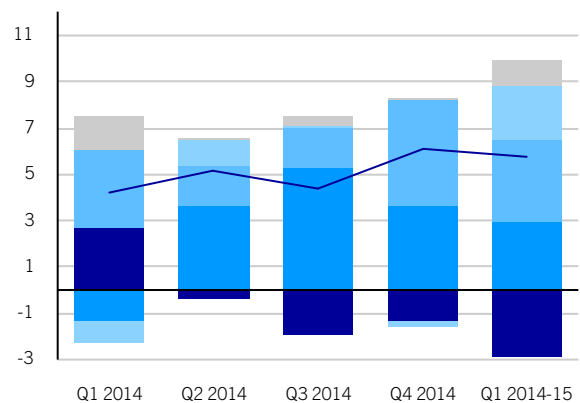
Data on an output basis showed that growth in the three months to June was boosted by a rebound in industrial production following two consecutive

**Economic Growth**



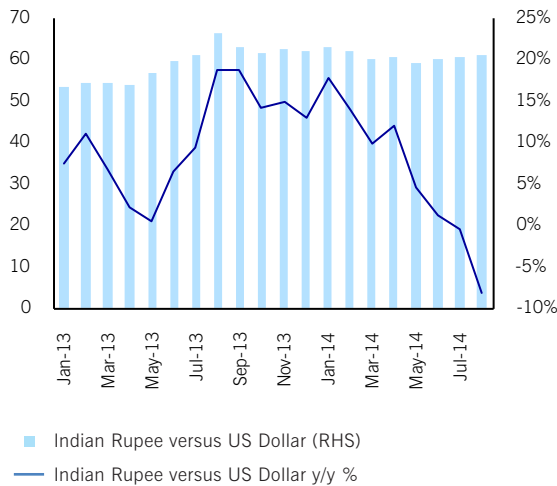
— GDP y/y %, fiscal year  
Source: Central Statistical Organisation, India

**Contribution to Economic Growth**



■ Discrepancies ■ GFCF  
■ Net Exports ■ GFCE  
■ PFCE ■ Inventory  
Source: Central Statistical Organisation, India

### Rupee Exchange Rate



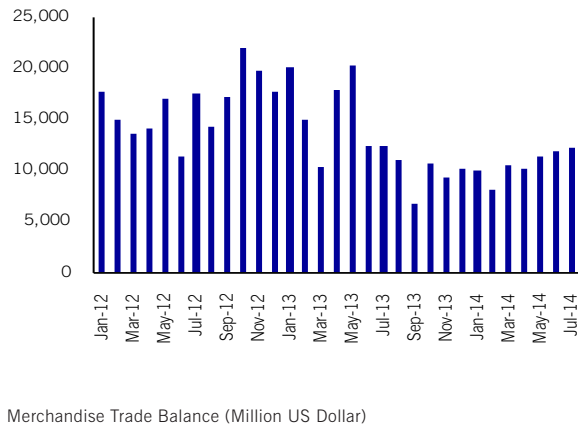
Source: Reuters

quarters of negative growth. The bounce back was primarily due to favourable base effects in manufacturing which grew by 3.5% on the year compared with a contraction of 1.4% in the previous quarter and in mining which grew by 2.1% on the year compared with a contraction of 0.4% in the previous quarter. In contrast, growth in agriculture slowed to 3.8% on the year, compared with 6.3% in the previous quarter and 4% in the same quarter a year earlier, with this trend set to continue given deficient monsoon rains. Output in the service sector rose by 6.8% on the year, slightly up from 6.4% in the previous quarter although down from the 7.2% increase seen in the April-June quarter a year ago.

By expenditure basis, investment spending contributed for the pick-up in investment spending which contributed 2.3 percentage points to GDP growth in the latest quarter, the highest addition since the Jan-Mar quarter of 2013. Personal consumption added 3.5 percentage points, down from 4.6 in the previous quarter, while net exports contributed 3.0 points down from 3.7 previously.

The government expects the economy to grow by 5.4%-5.9% in the current fiscal year, although a poor

### Trade Deficit



Source: Ministry of Commerce and Industry, India

monsoon, relatively weak external environment and weak investment means growth closer to the lower end of the forecast range seems more likely, even in light of the stronger data. Following the release of the GDP figures, Finance Minister Arun Jaitley stated that he believed that GDP growth will continue to accelerate as inflation moderates and as a series of government initiatives take effect.

### RBI Industrial Outlook improves

The RBI's Industrial Outlook Survey showed that the Business Expectation Index, a gauge of manufacturing business sentiment, improved in the quarter ending June to 114.73 from 111.1 in the quarter ending March and 112.7 in the quarter ending June a year earlier, the highest since the quarter ending December 2012.

The improvement was mainly due to improved optimism in the overall business situation and production which grew by 37% and 33.7 respectively, while added pessimism on the cost of raw materials and the availability of finance which contracted by 42.1% and 17.2% respectively.

# Recent GDP figures revealed that the economy expanded at the quickest rate in two years.

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The economy grew by 5.7% on the year in the three months to June, up from 4.6% in the previous quarter.

### RBI Consumer Confidence improves marginally

The RBI's Consumer Confidence survey revealed that the Current Situation Index increased slightly to just above the 100 threshold that separates expansion from contraction. In the quarter ending June, the CSI improved to 100.4 from 99.9 in the quarter ending March, although it was below the 101.7 recorded in the quarter ending June a year earlier.

The Future Expectations Index saw a significant improvement in the quarter ending June to a series high of 122.9 from 114.9 in the previous quarter, following a series low of 90.5 in September. There was higher optimism in all indices except inflation, which declined by 4.5 percentage points compared with the previous quarter.

### Industrial output slows in June

Industrial production slowed in June to 3.4% on the year from 4.7% in May, although averaged growth of 3.9% in the three months to June on the year compared with a 2.9% contraction over the same period last year. The slowdown was in contrast to the consensus expectation for an acceleration, following two consecutive months of double digit export growth and a substantial improvement in car sales.

Manufacturing, which contributes about 75% to industrial output, grew by 1.8% on the year, the slowest in three months and markedly below the upwardly revised 5.1% in the previous month. Fifteen out of the 22 industry groups within the manufacturing sector expanded in June, led by a huge 69.2% rise in 'Electrical machinery and apparatus'. The industry group 'Radio, TV and communication equipment & apparatus' showed the highest negative growth for the second consecutive month of 62.9%, followed by a 60.5% decline in 'Office, accounting & computing machinery'.

Mining output grew for the eighth month in a row by 4.3% in June compared with 2.9% in May. Output of consumer durables, a measure of consumer demand, declined by 23.4% in June compared with a 3.2%

increase in the previous month. Capital goods output, a proxy for investment, rose for the third month in a row by 23% on the year, the fastest growth in three years.

### Inflation rises in July

Consumer prices, which the Reserve Bank of India now targets, rose by 7.96% in July compared with an upwardly revised 7.46% in June. Food price inflation, which makes up almost half of the basket, jumped to 9.36% from 7.97% in the previous month with vegetable prices rising by a staggering 35% on the month. Core CPI inflation, which excludes food and energy, remained unchanged at 7.4%. Improved monsoon rains and a greater level of sowing would ease some pressure on food prices in the months ahead, although there are risks to the upside with the possibility of the RBI keeping the policy rate unchanged to hit its inflation target of 8% by January 2015. The government plans to bring down inflation by tackling supply constraints and creating cold storages and warehouses to prevent food spoilage, although this will do little to tackle price pressures in the short-term.

Wholesale price inflation, which the RBI used to focus on, eased to the lowest in five months, to 5.2% in July from 5.4% in June.

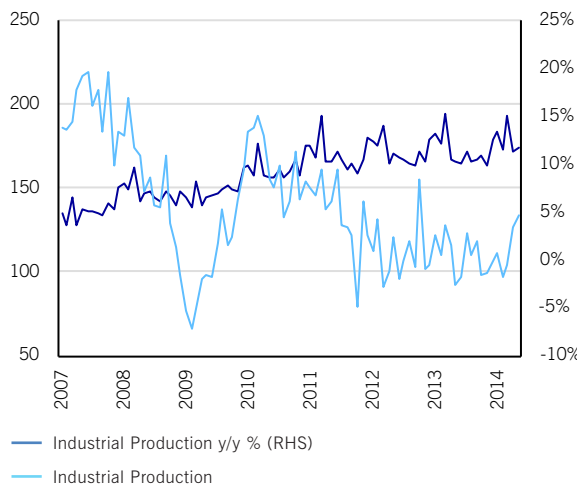
### Repo rate unchanged at 8%

The RBI left the key policy rate unchanged at 8% at its monetary policy meeting on August 5. Governor Rajan reiterated the bank's commitment to fighting inflation which is intended to keep the economy on a disinflationary glide path with inflation projected to hit 8% by January 2015 and 6% by January 2016, however the poor monsoon season has made this target more challenging to achieve.

Governor Rajan said further policy tightening would not be warranted if the economy continues on a disinflationary path. At the same time, the RBI took steps to boost liquidity, reducing the mandatory amount of bonds lenders must keep with the central



## Industrial Production



Source: Central Statistical Organisation, India

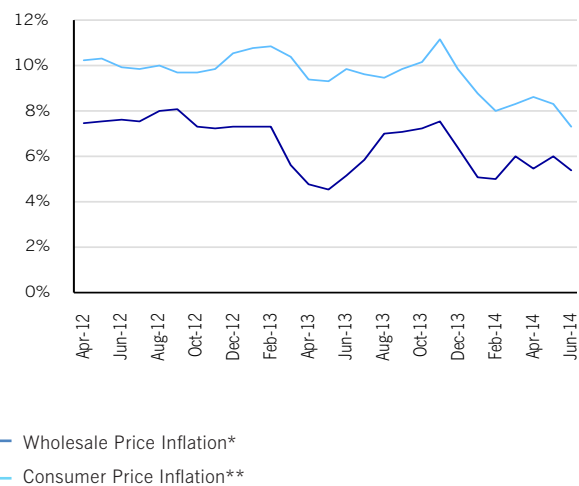
bank - called the statutory liquidity ratio - by a further 50 basis points to 22% of deposits.

### Lower fiscal budget deficit

In the April-June quarter (Q1 of the 2014-15 fiscal year), the government budget deficit stood at Rs. 2.98 trillion, compared with Rs. 2.63 trillion last year, standing at 56.1% of the government's fiscal year target. Net tax receipts totalled Rs. 0.99 trillion, compared with Rs. 1.02 trillion last year, while total expenditure was Rs. 4.14 trillion.

In his maiden budget on July 10, Finance minister Arun Jaitley stuck to the fiscal deficit target of 4.1% of GDP for 2014-15 set by his predecessor P. Chidambaram in the interim budget. Fears of missing the budget deficit target have been dismissed by Mr. Jaitley, who argues that the data is skewed as it includes outstanding debts from the previous year's budget and because tax collections have yet to pick up. He plans to shrink the budget shortfall to 4.1% of GDP this fiscal year and subsequently to 3.6% and 3% of GDP in the following years, however he has yet to detail exactly how the government intends to achieve this. These targets are certainly ambitious, with this year's target appearing increasingly unlikely

## Inflation



Source: \*Office of the Economic Advisor, India, \*\*MOSPI

to be met given that over half of the target has been reached in just the first quarter.

### Trade deficit widens to one-year high in July

India's trade deficit widened to \$12.2 billion in July from \$11.8 billion in June, and was also 2.1% below the \$12.5 billion shortfall recorded in July a year earlier.

Following two consecutive months of double digit growth, exports slowed to 7.3% on the year to \$27.7 billion after growth of 10.2% to \$26.5 billion in June. Imports rose 4.3% on the year in July compared with 8.3% in the previous month. Oil imports rose by 12.7% to \$14.4 billion in July. Gold imports fell to \$1.8 billion from \$3.3 billion in June but were 26.4% down on the year. June was a one-off response to the easing of some gold curbs in May. Yet, on a three-month-moving-average basis, gold imports continued to tick up, suggesting the latent demand for gold has not diminished. To trim the current account deficit last year, the government increased import duties on gold and imposed a rule that required a fifth of all bullion imports to be re-exported. Those measures had crimped supply and led to a rise in smuggling. The Finance Minister left the import tax on gold unchanged

at 10% in the annual budget against market expectations that the tax would be cut to boost supply ahead of the festival season.

#### **Foreign reserves fall**

India's foreign exchange reserves fell by \$810.7 million to \$318.58 billion in the week to August 22. According to the RBI's weekly statistical supplement, foreign currency assets, the biggest component of the forex reserves, fell by \$783 million to \$291.32 billion.

India's foreign exchange reserves have risen substantially since September, leaving the country less vulnerable to another run on the currency, while the value of India's gold reserves remained unchanged for the third consecutive week at \$21.17 billion in the week ending August 22.

#### **Car sales rise in July**

Car sales rose by 6.5% in July, following growth of 11.2% in June, the third consecutive rise on the month. Heavy discounting by car manufacturers has aided volume growth as companies have gone the extra mile to attract price sensitive buyers.

Car manufacturers are unveiling launches ahead of the festival season to push sales. This revival of sales prompted the Society of Indian Automobile Manufacturers (SIAM) to forecast 5-10% growth in car sales in the 2014-15 fiscal year. The industry is, however, cautious about the demand for two-wheelers and small cars, as the below average monsoon season could result in lower incomes for many of the rural households who rely on these rains. The government has given positive impetus to consumer sentiment on car buying by extending tax breaks on automobiles by six months to the end of December. The excise tax has been reduced on small cars, motorcycles, trucks and buses from 12% to 8% and on SUVs to 24% from 30%.

# Car sales rose for the third consecutive month in July.

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Heavy discounting by car manufacturers has aided volume growth as companies have gone the extra mile to attract price sensitive buyers.



# Indicators

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India consumer sentiment increased marginally in August, supported by tax breaks in the government's recent budget and a seasonal boost to spending from the festival season.

# MNI India Consumer Indicator Rises in August



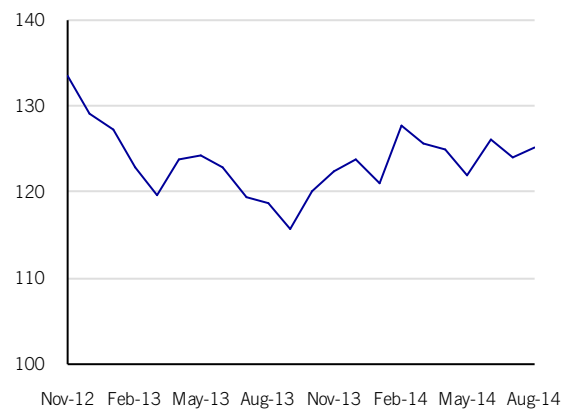
India consumer sentiment increased marginally in August, supported by tax breaks in the government's recent budget and a seasonal boost to spending from the festival season.

The MNI India Consumer Indicator rose 0.8% to 125.2 in August from 124.1 in July, with consumers increasingly optimistic about both current and future conditions. Sentiment has increased 5.4% since August 2013 and sits just above the series' average of 123.8.

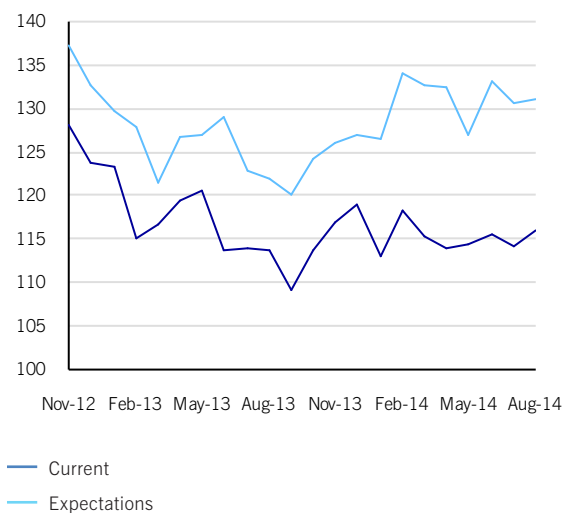
The government's maiden budget took place on July 10 and the August survey results show the first reaction, which has been relatively muted with respect to overall sentiment. The budget focused on encouraging investment, personal savings and fiscal management although lacked detail on several important fronts such as measures to control inflation and the fiscal deficit. While the budget may have disappointed, latest data showed GDP growth increased a healthy 5.7% on the year in the April-June quarter. While the headline MNI India Consumer Indicator supports the view that growth will be maintained, a sharp fall in the employment outlook indicator to a record low cautions about being too optimistic.

The Current Indicator, which measures consumers' assessment of current conditions, rose to 116.2 in August from 114.2 in July. The forward looking Expectations Indicator, which is made up of three components, rose marginally to 131.2 in August from 130.8 in the previous month.

MNI India Consumer Indicator



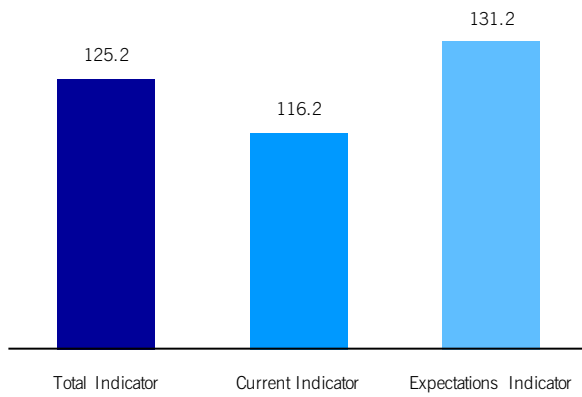
Consumer Indicators



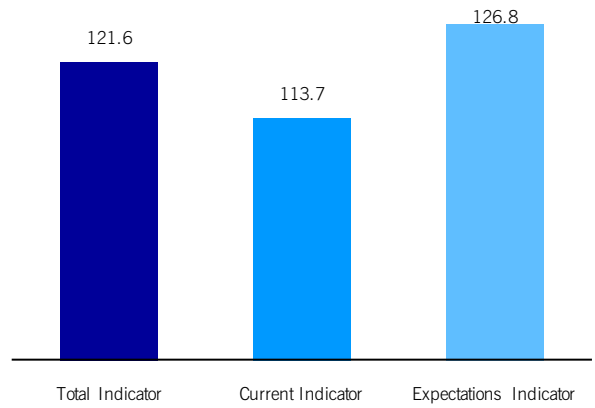
MNI India Consumer Indicator

	Aug-13	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14
MNI India Consumer Indicator	118.7	125.8	125.2	122.1	126.2	124.1	125.2
Current	113.9	115.5	114.1	114.6	115.7	114.2	116.2
Expectations	122.0	132.8	132.6	127.2	133.2	130.8	131.2

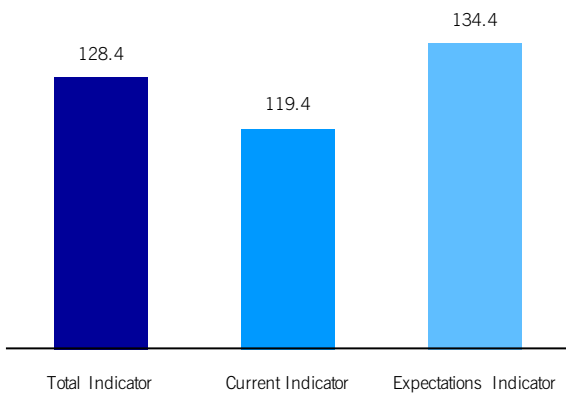
## All India



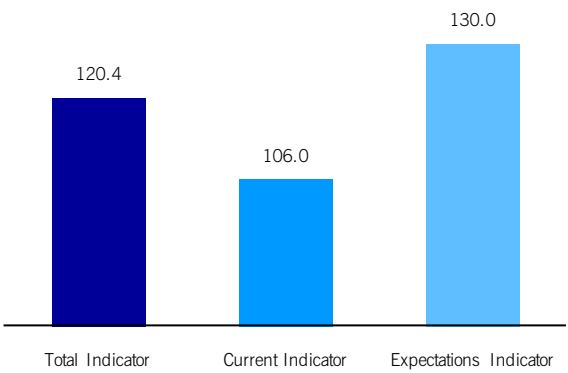
## North India



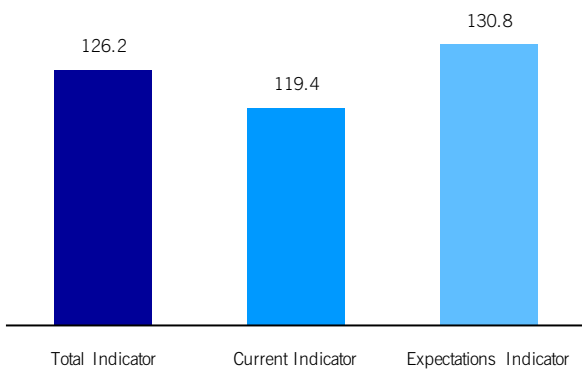
## South India



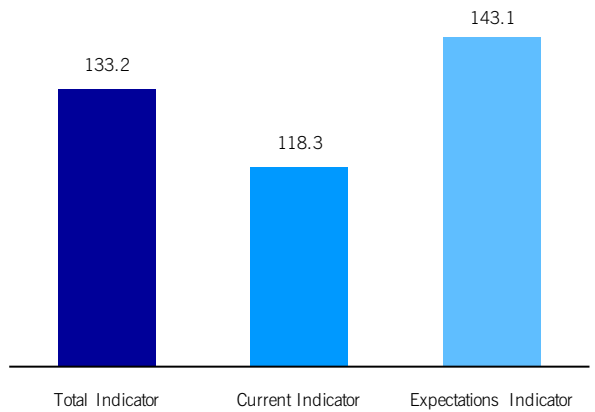
## East India



## West India



## Central India





While both current and future conditions improved, they masked significant moves in the components. The Current Personal Finances Indicator fell to 115.4 in August from 119.1 in July, the lowest for more than a year with a number of respondents highlighting that their jobs were less secure, chiming with the downturn in the Employment Outlook Indicator.

Longer term business conditions fell to the lowest since January, having risen strongly in recent months due to a “Modi” bounce.

The Durable Buying Conditions Indicator rose 7% on the month, to the highest since May 2013, following the eradication of custom duty on domestically produced LCD and LED monitors which has lowered the price of computers and televisions during the festival season when several new products are launched and discounts are applied.

**Regions**

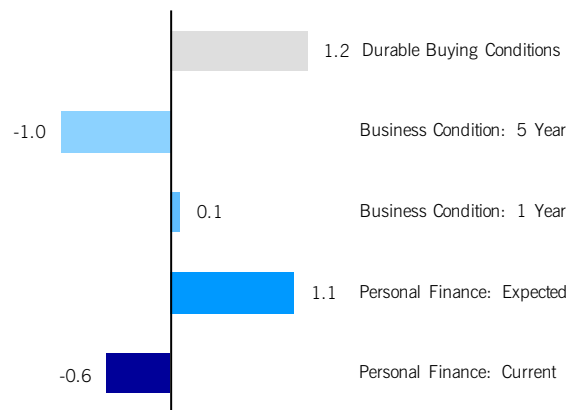
The improvement in the MNI India Consumer Indicator was observed in all regions apart from North India, where sentiment fell to the lowest since May. Of all the regions, respondents from Central India were most cheerful with optimism about the future buoyed by increased expectations for Personal Finances.

**Age**

Consumer sentiment improved in all age groups, apart from the oldest where it declined marginally.

The Consumer Indicator for the 18-34 year age range, the youngest group, rose by 0.8% on the month to 126.7 from 125.7 in July. Out of the five components of the Consumer Indicator, the largest increase was seen in Durable Buying Conditions which rose to the highest level since December, while optimism about future Business Conditions witnessed the largest decline even across of the other age groups.

Consumer Indicator: Contribution to Monthly Change (% pt.)





Consumer sentiment among 35-54 year olds improved the most out of the age groups to 124.8 in August from 123.5 in July, buoyed by a rise in the Durable Conditions Indicator. Optimism about Current Personal Finances declined the most, followed closely by future Business Conditions, the only two indicators that fell on the month.

For the oldest age range, 55-64 year olds, sentiment declined marginally to 122.6 in August from 122.9 in July, despite optimism for purchasing large household goods rising to the highest since July 2013. The decline in sentiment was led by Current Personal Finances, in contrast to Expected Personal Finances which saw the greatest improvement out of the indicators for this age group.

### Income

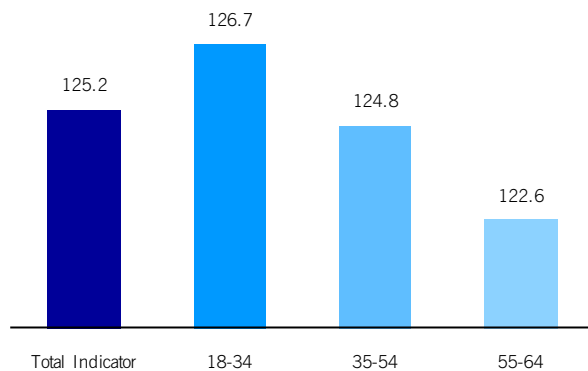
Confidence rose marginally in low income households while improved markedly among high income households in August.

The Consumer Indicator for households with an average annual income of over INR 432,000 rose 3.8% on the month to 133.5 in August from 128.5 in July. Respondents were much more optimistic about Business Conditions in One Year and the Durable Buying Conditions Indicator hit a series high.

For households with an average annual income under INR 432,000, the indicator improved marginally to 120.0 in August from 119.7 in July.

Compared with the previous year, confidence was up by 10.2% among higher income households, while for lower income households it was up by 1.4%, consistent with the trend of greater confidence among higher income households.

Consumer Indicator: Age Groups

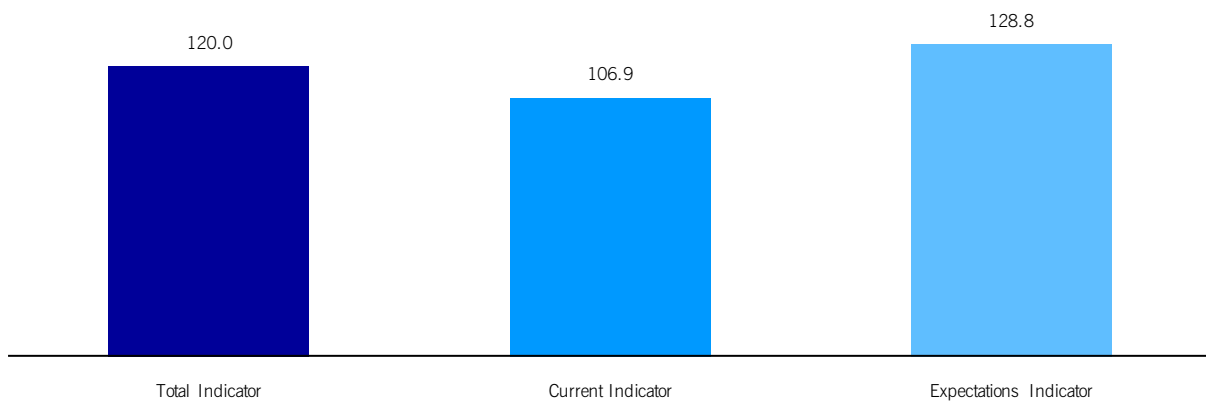




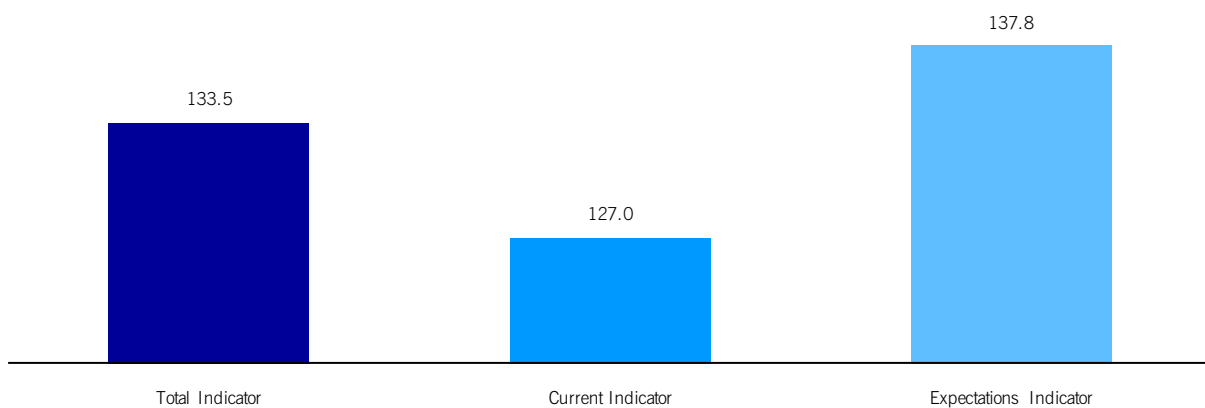
# MNI India Consumer Indicator Income Groups



< INR 432,000 per annum



> INR 432,000 per annum



# MNI India Consumer Indicator

## Main Cities



The Consumer Indicator improved in six out of the ten major Indian cities in August, with the largest increase in Hyderabad where the indicator rose to the highest level since May 2013.

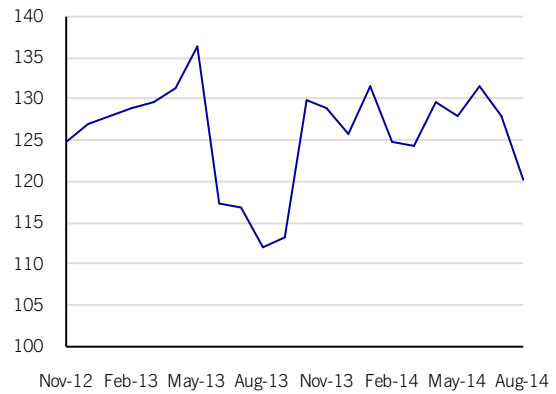
In the capital Delhi, consumer sentiment decreased for the second consecutive month to 118.3 from 127.9 in July. All five components that make up the Consumer Indicator declined, apart from Business Conditions in Five Years which rose, albeit marginally. The largest downward correction was in Current Personal Finances, which declined by 24.1 points on the month followed by short-term business conditions.

In Mumbai, India's most populous city, consumer sentiment declined to 120.3 in August from 128.0 in July, the lowest since September 2013. This was mainly due to a decline in respondent's long term business expectations, the indicator for which fell by 18.2% on the month to 122.0 in August.

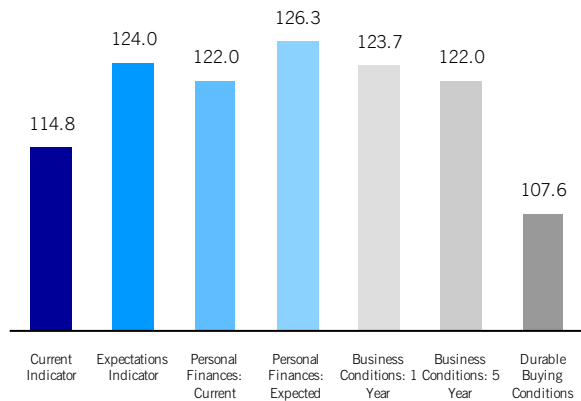
Consumer confidence in Bengaluru, the third largest city by population in India, was the most optimistic city surveyed, rising to 136.2 in August from 132.5 in July. There was a sharp reduction in Current Personal Finances, which fell to the lowest level in seven months, although this was offset by Durable Buying Conditions which rose by 15.9% on the month.

The pickup in consumer sentiment was strongest in Hyderabad compared with other regions, rising to the highest level since May 2013. All five components which make up the Consumer Indicator improved except Current Personal Finances which fell to the lowest level since July 2013. However, consumers were very optimistic about Durable Buying Conditions and current Business Conditions which both saw rises of over 20% on the month.

Consumer Indicator - Mumbai

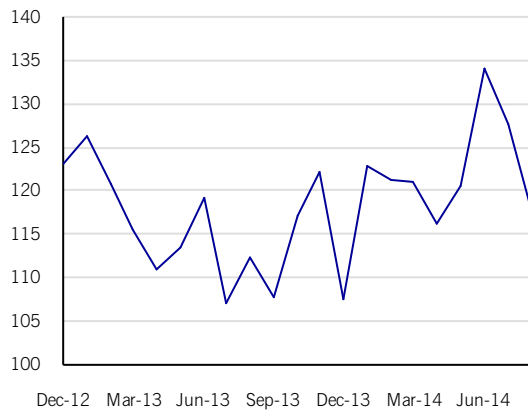


Consumer Indicator Components - Mumbai

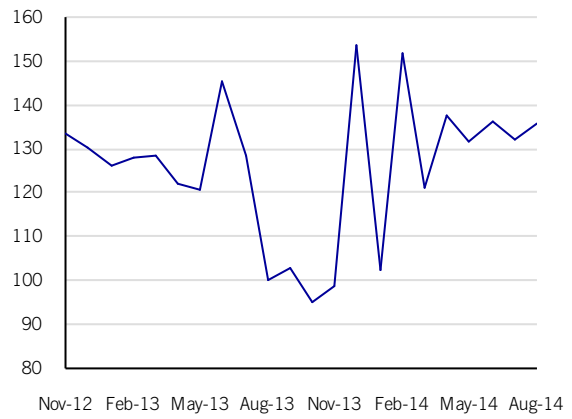




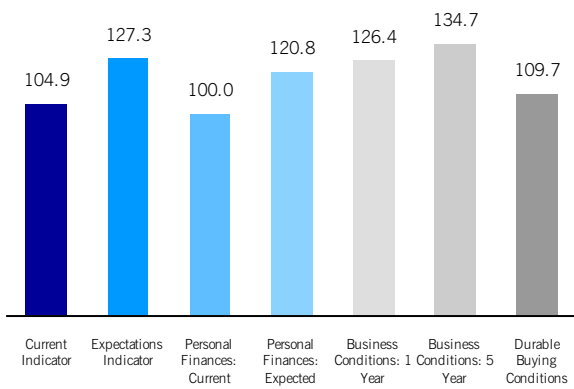
Consumer Indicator - Delhi



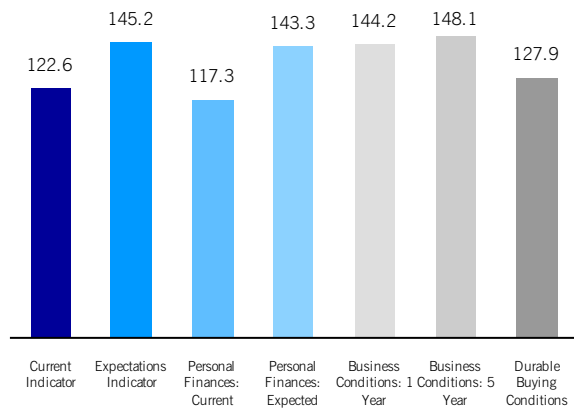
Consumer Indicator - Bengaluru



Consumer Indicator Components - Delhi



Consumer Indicator Components - Bengaluru



# Personal Finances

## Lowest Since July 2013



Respondents were less confident about their finances in the current month although they were more optimistic about their finances in the next 12 months.

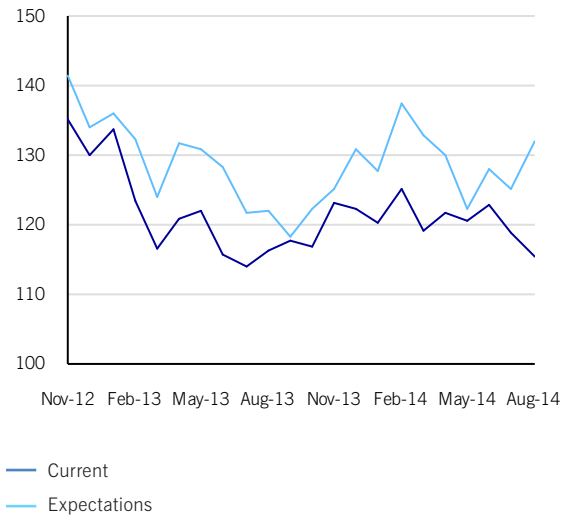
The Current Personal Finances indicator, which measures whether a household is better or worse off than a year ago, decreased for the third consecutive month to 115.4 in August from 119.1 in the previous month, the lowest since July 2013.

Out of those who reported that their financial conditions deteriorated, the majority cited worse family expenses as the main reason. However, a growing proportion said their employment situation was the main reason for the worsening in their personal finances in line with the Employment Outlook indicator hitting a series low.

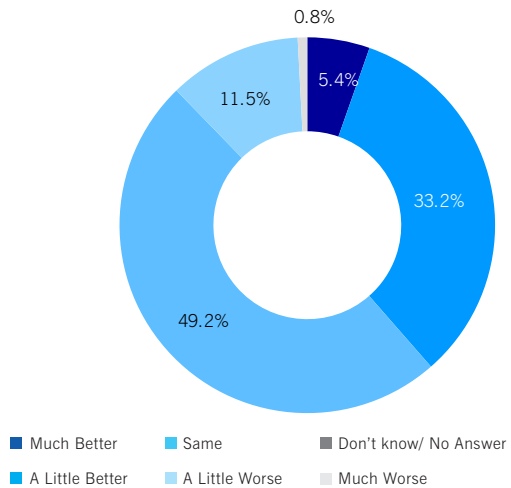
Consumers have been hit by high inflation for two years now and this has impacted their personal savings and their ability to purchase goods. In August, 83.8% of consumers spent 70-100% of their monthly household income on daily expenses, the lowest proportion in three months, while 48.5% of respondents said they were saving between 1-29% of their monthly household income in August.

However, about half of respondents were confident that their financial situation would improve in the next 12 months. Expected Personal Finances rose by 5.5% on the month to 132.1 in August, compared with 125.2 in July.

### Personal Finances



### Current Financial Situation Compared with 1 Year Ago (% of Households)



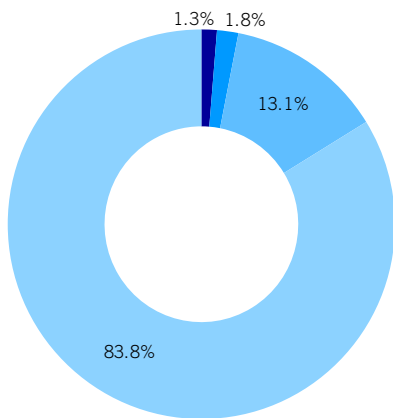
### Personal Finances

	Aug-13	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14
Current	116.3	119.4	121.8	120.6	122.9	119.1	115.4
Expectations	122.1	133.1	130.2	122.5	128.1	125.2	132.1

# How Households Spend their Money

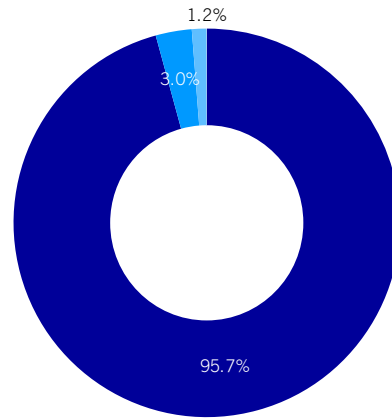


Monthly Household Income Used for Daily Expenses (% of Households)



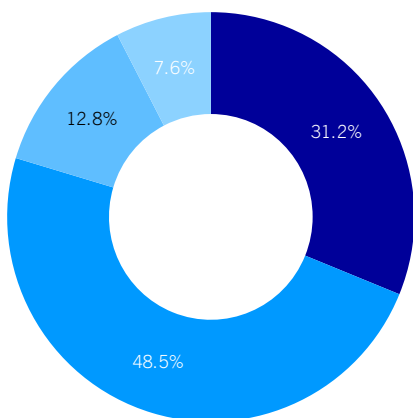
- 0% - 29% of Income
- 30% - 49% of Income
- 50% - 69% of Income
- 70% - 100% of Income

Monthly Household Income Used for Large Loan Repayment (% of Households)



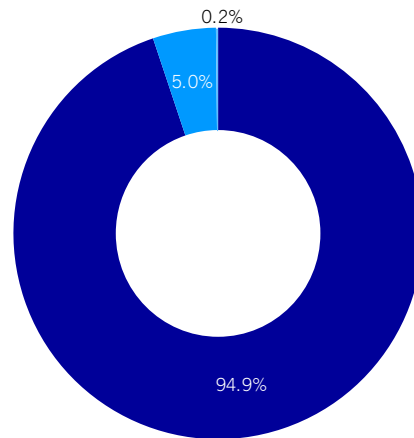
- 0% of Income
- 1% - 29% of Income
- 30% - 49% of Income
- 50% - 100% of Income

Monthly Household Income Used for Savings (% of Households)



- 0% of Income
- 1% - 29% of Income
- 30% - 49% of Income
- 50% - 100% of Income

Monthly Household Income Used for Investments (% of Households)



- 0% of Income
- 1% - 29% of Income
- 30% - 49% of Income
- 50% - 100% of Income

# Consumers were increasingly confident about the current business climate...

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...although sentiment about long term business conditions fell slightly.

# Business Conditions Improve Marginally



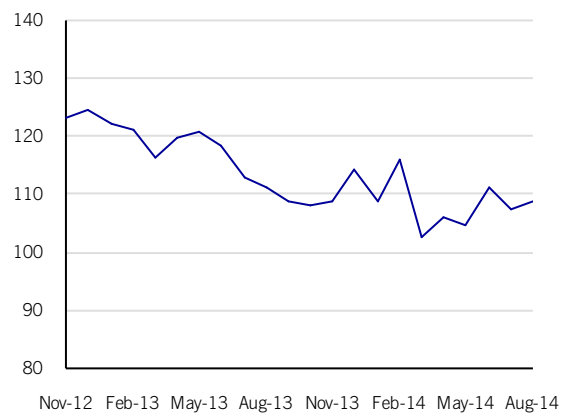
Consumers were increasingly confident about the current business climate although sentiment about long term business conditions fell slightly as consumers began to face reality following the euphoria of the landslide election victory of the pro-business BJP.

The Current Business Conditions Indicator, which measures respondents' views on the state of business compared with a year earlier, rose to 109.0 in August from 107.4 in July, although it was still 2.2% below the same month last year.

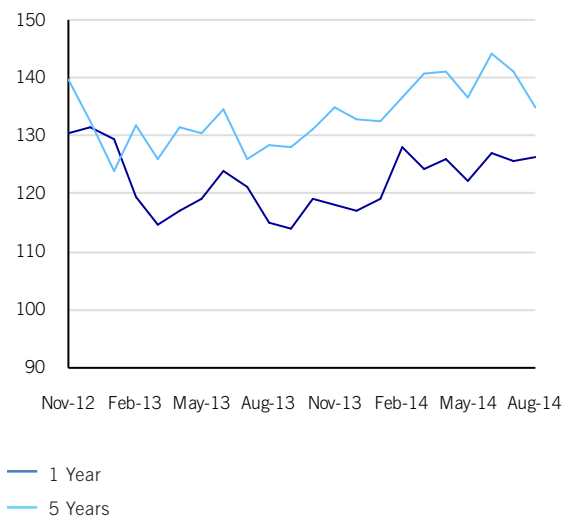
Around 52.7% of respondents thought Business Conditions in a Year's time would be better. The Business Conditions in One Year component remained stable at 126.4 in August from 125.9 in July. Of those who expected business conditions to improve, 46.8% cited the government as the main reason.

Longer term business expectations eased further after hitting a record high in June. Business Conditions in Five Years declined 4.4% on the month in August to 135.1 from 141.3 in July, although were still 5.1% above the level a year ago.

Current Business Conditions Indicator



Expected Business Conditions: 1 Year and 5 Years



## Business Conditions

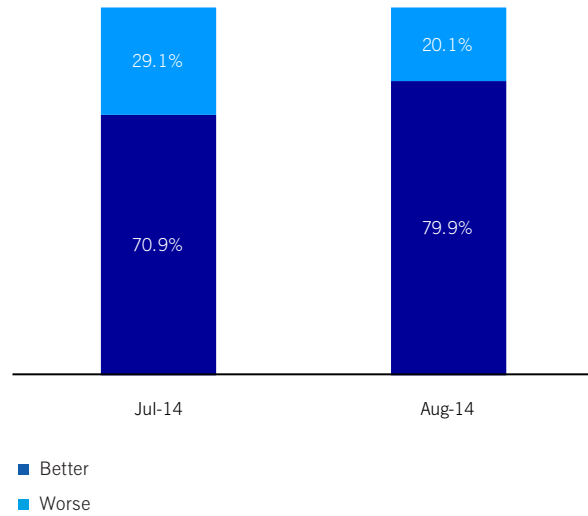
	Aug-13	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14
Current	111.4	102.9	106.3	104.7	111.4	107.7	109.0
In 1 Year	115.3	124.5	126.3	122.3	127.2	125.9	126.4
In 5 Years	128.5	140.8	141.3	136.8	144.5	141.3	135.1

# Business Conditions in 1 Year Selected Reasons

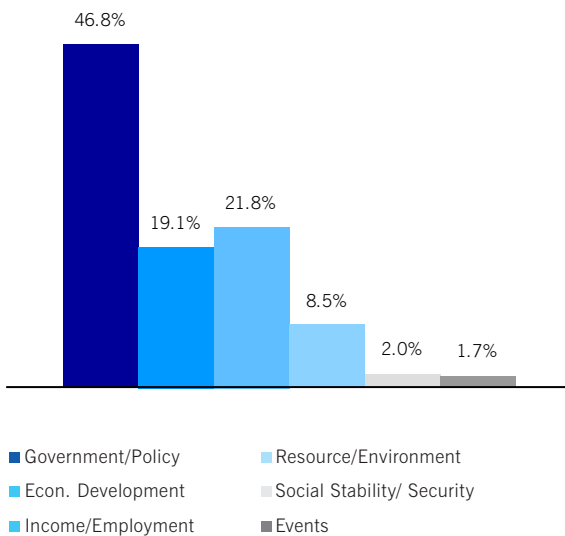


Among the major cities surveyed, Kolkata, which is the capital of West Bengal and an important commercial centre, was the most optimistic.

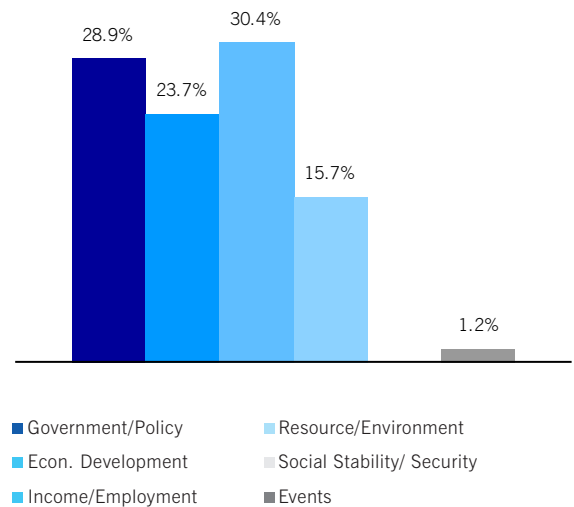
All India



All India, Reasons for Better



All India, Reasons for Worse

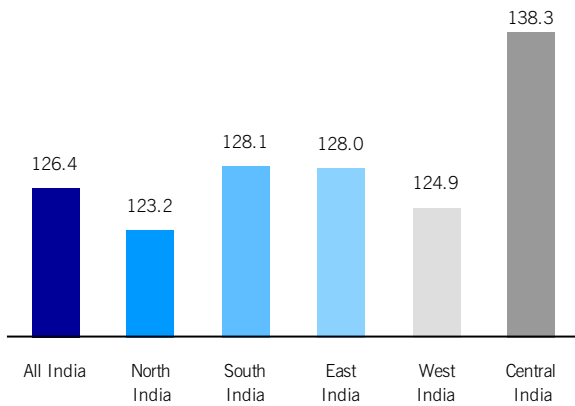




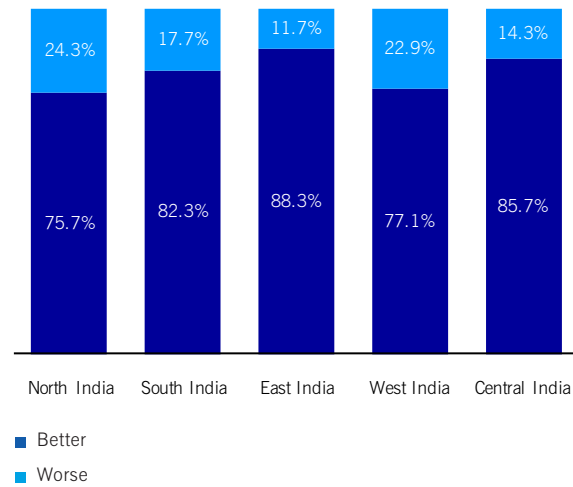
# Business Conditions in 1 Year Regions



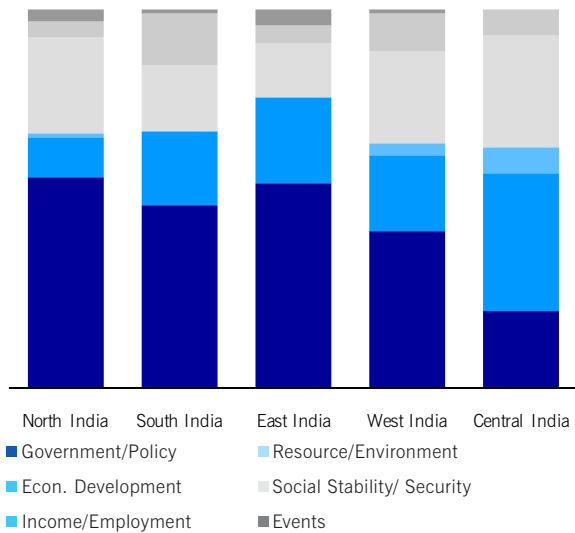
Business Expectations



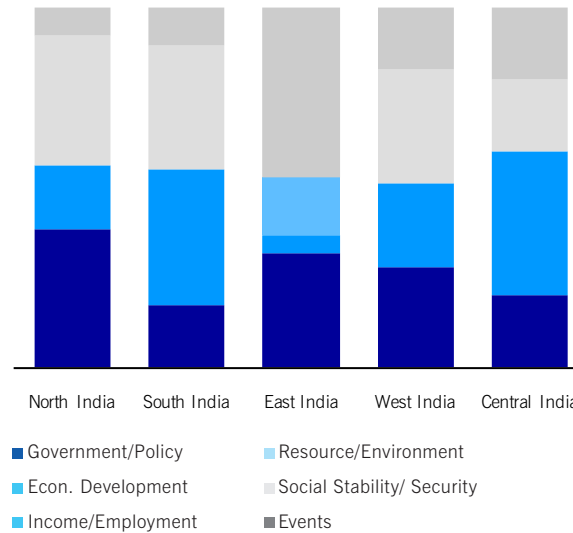
Business Expectations: Better or Worse? (% of Respondents)



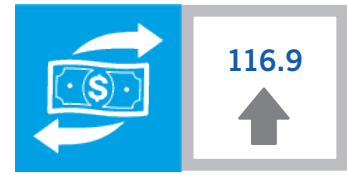
Reasons for Better (% of Respondents)



Reasons for Worse (% of Respondents)



# Durable Buying Conditions Highest Since May 2013



Demand for large household items was likely boosted by the tax breaks included in the government's recent budget and the upcoming festival season, with the Durable Conditions Indicator increasing the most out of the components that make up the MNI Consumer Indicator.

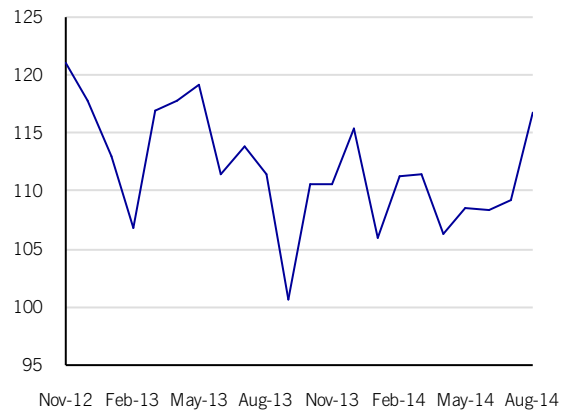
The Durable Buying Conditions Indicator rose 7% on the month to 116.9 in August from 109.3 in July, the highest since May 2013.

The price of computers and televisions has fallen following the eradication of custom duty on domestically produced LCD and LED monitors in the recent government budget, boosting consumer demand for these products during the festival season when several new products are launched and discounts are applied.

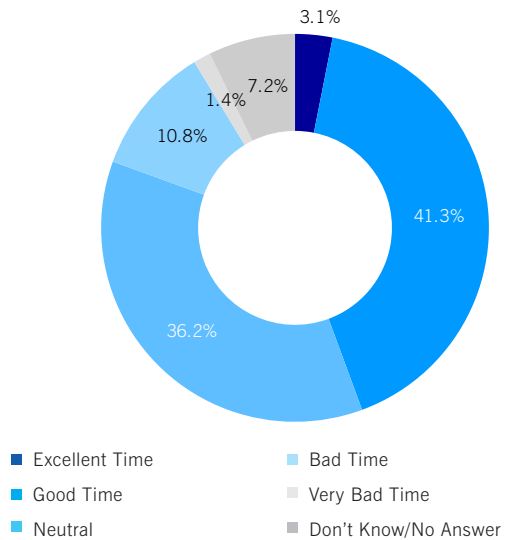
Sentiment on buying conditions fell throughout most of last year, as consumers' disposable income was squeezed, owing to the weakening of the economy and the high rate of inflation. Although, the indicator rose 4.9% in August from a year earlier, it was still down 3.6% in the eight months to August compared with the same period last year.

More consumers from Bengaluru, Hyderabad, Chennai, Ahmadabad and Pune thought it was a better time to buy a large household item compared with the previous month. Out of the ten largest cities surveyed, respondents from Hyderabad were the most optimistic about buying a large household item, with the indicator rising by 20.9% in August.

Durable Buying Conditions



Is It a Good or Bad Time to Buy Large Household Goods? (% of Households)



Durable Buying Conditions

	Aug-13	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14
Durable Buying Conditions	111.5	111.6	106.4	108.6	108.5	109.3	116.9

# Employment Outlook Series Low



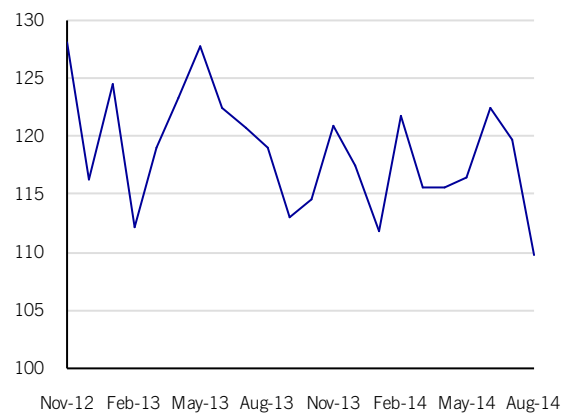
In contrast to the recent higher levels of overall sentiment, the proportion of respondents who thought that the outlook for employment over the next 12 months would be worse increased to the highest level since the survey began.

The Employment Outlook Indicator fell sharply to a series low of 109.8 in August from 119.9 in July as an increasing number of respondents thought that the employment market would deteriorate over the next 12 months.

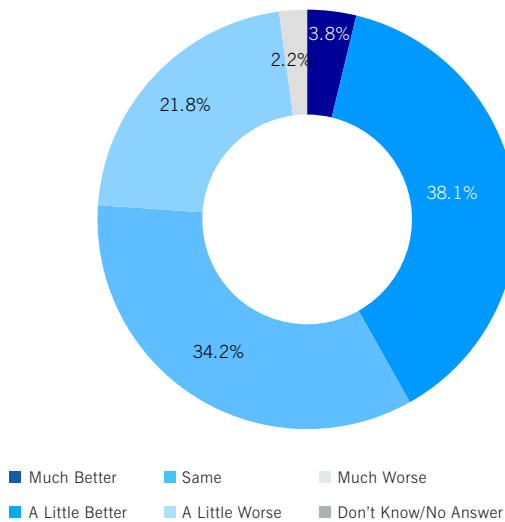
The sharp fall in the indicator cautions that while respondents have been optimistic that new Prime Minister Narendra Modi will be able to help boost economic growth, they remain concerned that the hit to India's growth rate over the past year will hurt their employment prospects.

The deterioration in the employment outlook was seen across all regions. Respondents from West India were the most optimistic, whilst consumers in Central India were particularly pessimistic, registering a series low in August.

Employment Outlook Indicator



Employment Outlook for the Next 12 Months (% of Households)



## Employment Outlook

	Aug-13	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14
Employment Outlook	119.2	115.7	115.7	116.5	122.5	119.9	109.8

# The percentage of respondents who believed prices would be higher in a year's time fell...

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...while those saying prices would be lower in a year's time increased.

# Prices Sentiment Dissatisfaction Higher



Consumers' dissatisfaction with the current level of prices increased in August following two months of improvement, while expectations for inflation eased slightly.

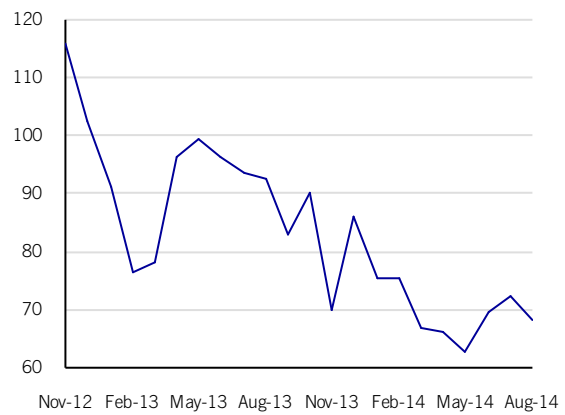
The Current Prices Satisfaction Indicator fell to 68.3 in August from 72.5 in July. It was well below the average of 74.0 for the past 12 months and the series average of 83.3.

A figure below 100 indicates wider dissatisfaction with the current level of prices. The further below 100, the greater the dissatisfaction. The indicator has trended down since the start of the survey in November 2012 and has been above 100 in only the first two months of the survey, with satisfaction in August 26.2% below the level recorded a year earlier.

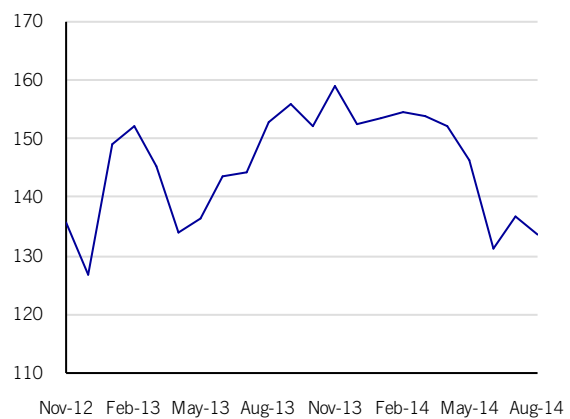
Official data showed that consumer prices rose by 7.96% in July compared with 7.46% in June. Food price inflation, which makes up almost half of the basket, jumped to 9.4% from 7.9% in the previous month with vegetable prices rising by a staggering 35% on the month. The poor monsoon could push food price inflation higher in the coming months.

Expectations for inflation in 12 months' time fell to 133.7 in August from 137.0 in July. The Inflation Expectations Indicator closely matches the trend in consumer price inflation and suggests that inflation will begin to ease over the coming months.

Satisfaction with Current Prices Indicator



Inflation Expectations Indicator



## Prices Sentiment

	Aug-13	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14
Satisfaction with Current Prices	92.6	67.2	66.3	63.0	69.8	72.5	68.3
Inflation Expectations	152.9	154.2	152.2	146.4	131.5	137.0	133.7

# Prices Sentiment Regions



The percentage of respondents who believed prices would be higher in a year's time fell to 62.4% from 64.1%, while those saying prices would be lower in a year's time increased to 14.2% from 12.4% in the previous month. The proportion of respondents who believed prices would be about the same remained stable.

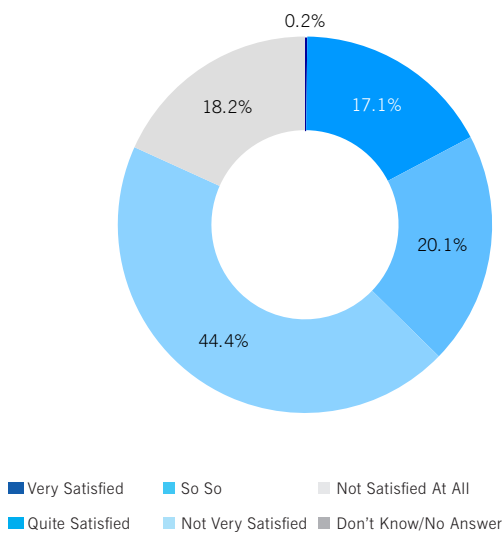
Of those who thought prices would go up, a growing proportion thought they would go up by 10%, in contrast to the less than 5% rise expected a month ago.

### Regions

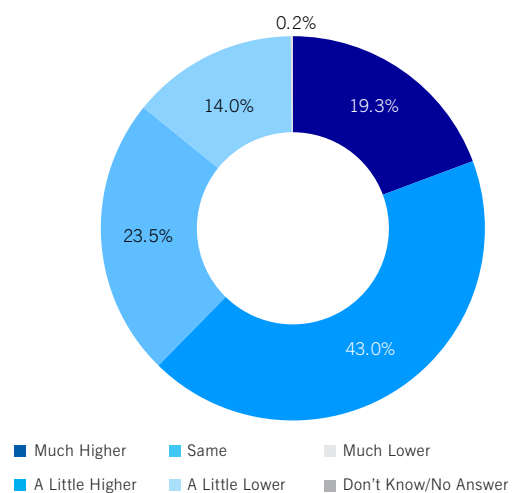
Satisfaction with Current Prices fell in all regions apart from North India. The largest decline in the satisfaction level was in Central India, where the sentiment value fell by 30.7% to a series low. In contrast, consumers were much more satisfied with the current level of prices in North India, pushing the indicator up by 25.7%, following a record low in the previous month.

Expectations for future prices eased in North, South and Central India in August after rising in the previous month.

Satisfaction with Current Prices (% of Households)

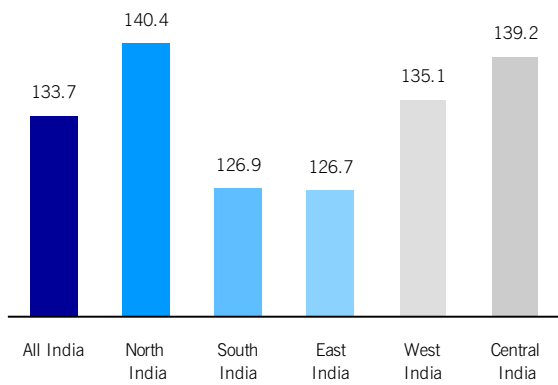


Inflation Expectations in 12 Months (% of Households)

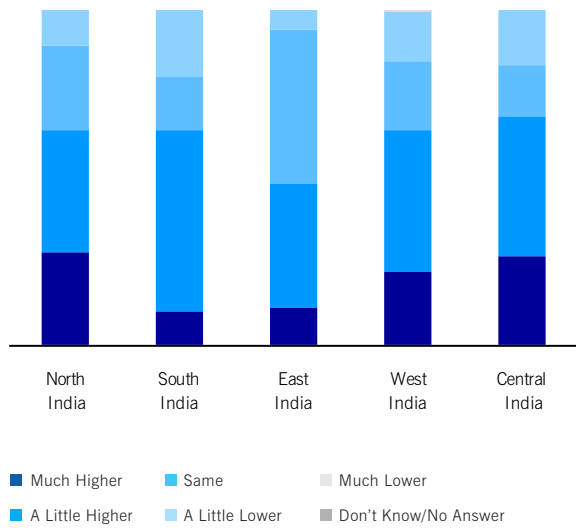




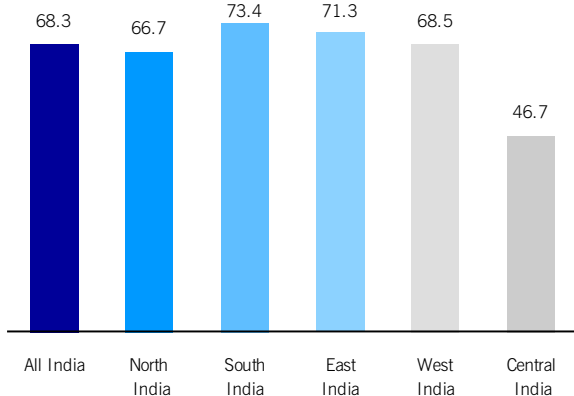
Inflation Expectations Indicator



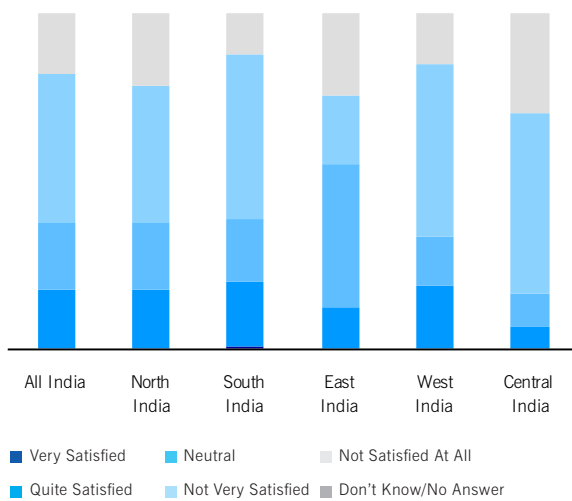
Inflation Expectations in 12 Months (% of Households)



Satisfaction with Current Prices Indicator



Satisfaction with Current Prices (% of Households)



## Interest Rate Expectations Lowest Since March 2013



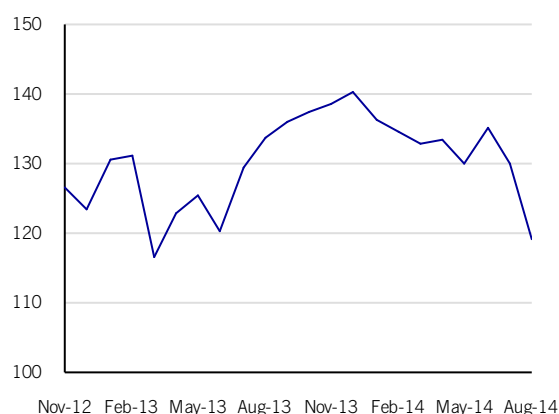
The Interest Rates Expectations Indicator declined 10.8 points on the month to 119.4 in August from 130.2 in July as the proportion of those who expected interest rates to ease rose.

The RBI left the key policy rate unchanged at 8% at its monetary policy in August. Governor Raghuram Rajan said further policy tightening would not be warranted if the economy continues on a disinflationary path. At the same time, the RBI took steps to raise the availability of credit, reducing the mandatory amount of bonds lenders must keep with the central bank - called the statutory liquidity ratio - by 50 basis points to 22% of deposits.

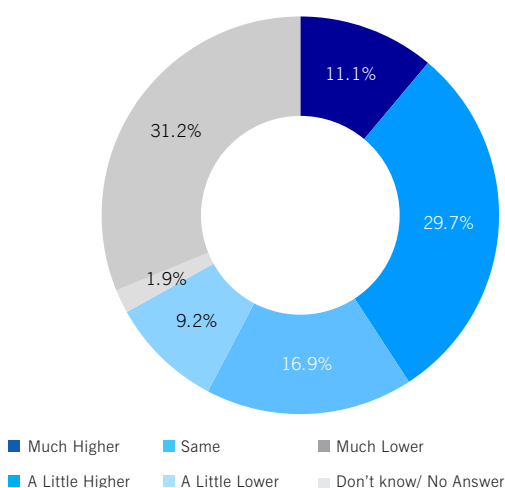
The indicator for August was well below the average of 133.8 for the past 12 months and the series average of 130.3.

Since September 2013, when Raghuram Rajan took over as the Governor of the RBI, interest rates have been hiked three times in order to stabilise the sharp fall of the rupee and control inflation.

Interest Rate Expectations Indicator



Expected Change in Interest Rate in 1 Year  
(% of Households)



### Interest Rate Expectations

	Aug-13	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14
Interest Rate Expectations	133.8	133.0	133.6	130.1	135.3	130.2	119.4



# The Stock Investment Indicator ticked up slightly in August...

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...as an increasing number of consumers thought that equity prices were already very high.

## Stock Investment Indicator Ticks Up Slightly



After two significant rises in the run up to elections, the Stock Investment Indicator eased in July, but ticked up slightly in August as it was above the level seen in the same month in 2013.

The indicator rose to 113.5 in August compared with 112.9 in July, down considerably from the series high of 120.6 seen in May, as an increasing number of consumers thought that equity prices were already very high.

Following a well-received Independence Day speech by Prime Minister Modi, the benchmark Sensex index increased to another all-time high in August.

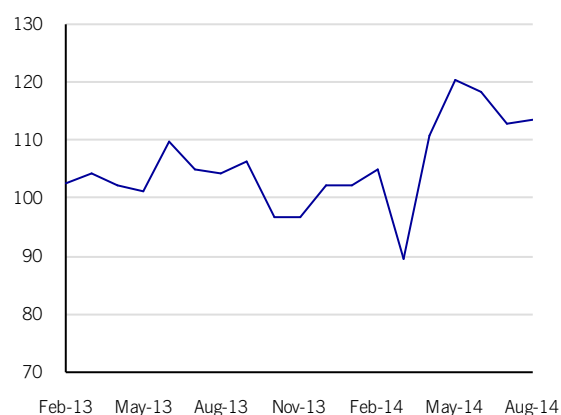
The Stock Investment Indicator gauges whether it is a good or bad time to invest in the stock market and is made up of three components.

Stock Price Sentiment, which measures whether equity prices are high or low, fell sharply to 106.0 in August from 125.6 in July.

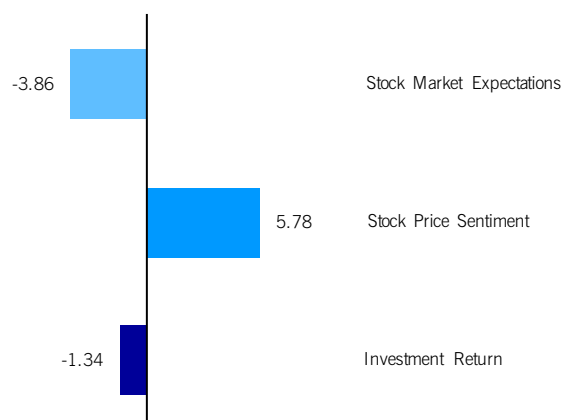
The Stock Market Expectations component, which shows whether consumers think stock prices will rise or fall in the next three months, declined to 120.1 in August from 133.2 in July, posting the lowest reading in five months.

The Stock Investment Return, a measure of the amount of profit/loss in investments in the last year, fell to 126.5 in August from 131.1 in July. In August, more than 50% of the respondents made profits, although the proportion has been declining.

### Stock Investment Indicator



### Stock Investment Indicator: Contribution to Monthly Change (% pt.)



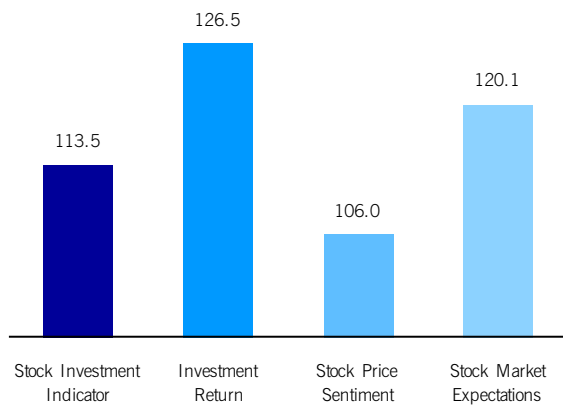
### Investment Sentiment

	Aug-13	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14
Investment Sentiment Indicator	104.5	89.7	110.9	120.6	118.4	112.9	113.5
Investment Return	110.9	82.7	114.6	139.1	132.8	131.1	126.5
Stock Price Sentiment	116.5	128.6	119.3	112.8	117.8	125.6	106.0
Stock Market Expectation	119.2	114.9	137.4	135.5	140.1	133.2	120.1

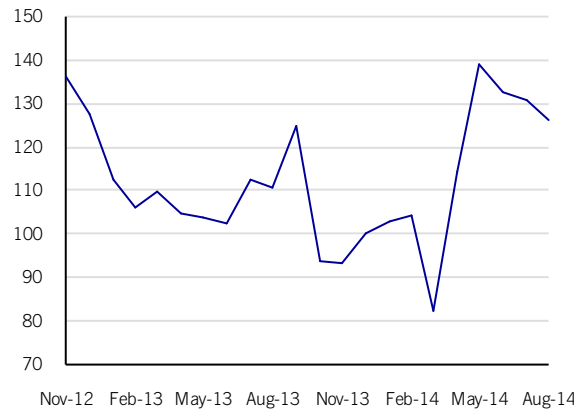
# Stock Investment Indicator Regions and Components



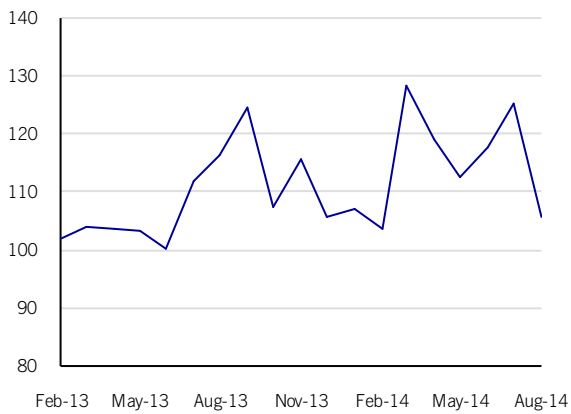
Stock Investment Indicator - Components



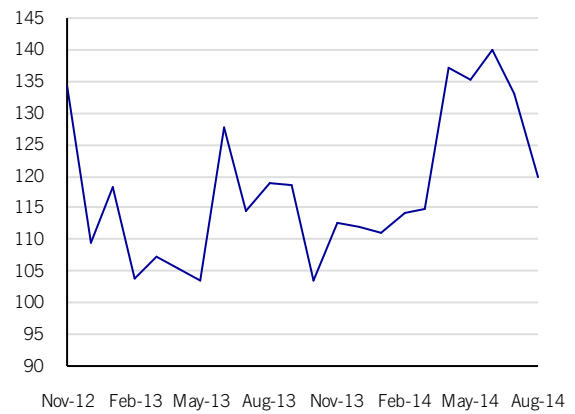
Investment Return



Stock Price Sentiment



Stock Market Expectations



# Sentiment on the real estate market rose...

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...although it was still below both the average for the past 12 months and the series average.

# Real Estate Investment Indicator Rises Marginally



After five consecutive monthly declines, sentiment on the real estate market rose, albeit marginally, boosted by higher expectations for prices over the coming six months.

The Real Estate Investment Indicator, which is made up of three components (House Price Expectations, House Buying Sentiment and House Selling Sentiment), rose to 111.3 in August from 110.3 in July.

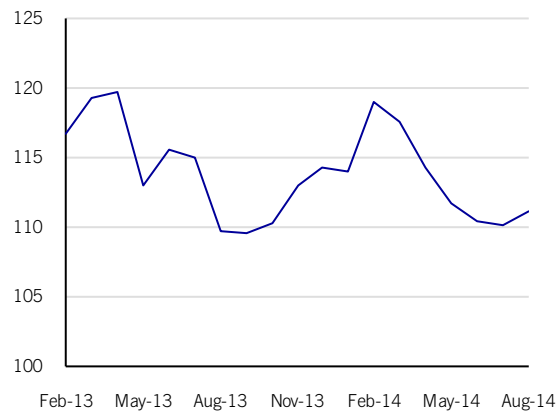
The House Price Expectations component rose for the third consecutive month to 148.7 in August from 144.9 in July, the highest level since February. Consumers' expectations about house prices peaked in February and have since trended downwards.

House Buying Sentiment, a measure of whether it is a good time in the next six months to buy a home, fell to 97.4 from 99.7 in the previous month. Consumers remained divided about how they felt about purchasing a house in the next six months as an almost equal proportion of respondents felt it was a good time or a bad time.

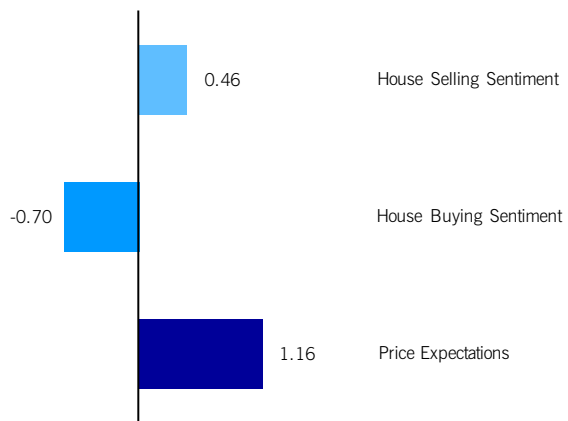
The government has promised an affordable housing policy, plus creation of new smart cities and infrastructure which will help boost the country's real estate sector and increase overseas investment.

House Selling Sentiment, a measure of whether it is a good time in the next six months to sell a house, fell to 112.2 in August from a series' high of 113.7 in July. The measure has a negative impact on the Real Estate Investment Indicator.

Real Estate Investment Indicator



Real Estate Investment Indicator: Contribution to Monthly Change (% pt.)



## Real Estate Investment Sentiment

	Aug-13	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14
Real Estate Investment Sentiment	109.8	117.8	114.4	111.9	110.6	110.3	111.3
Price Expectations	140.8	148.6	145.9	139.8	142.6	144.9	148.7
House Buying	100.6	102.8	102.1	103.2	99.1	99.7	97.4
House Selling	111.9	98.2	104.9	107.3	110.0	113.7	112.2

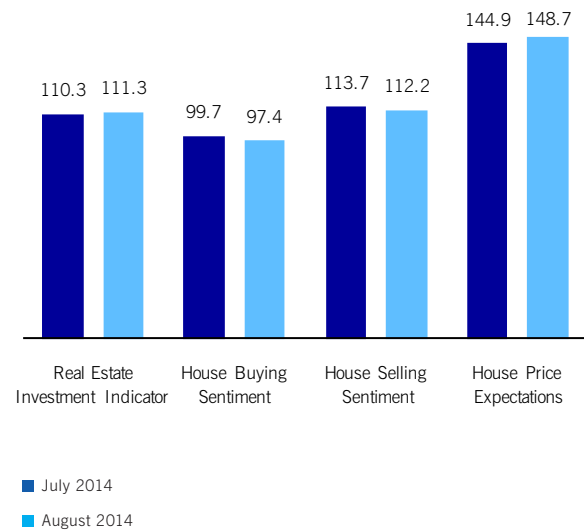
# Real Estate Investment Indicator Components and Balances



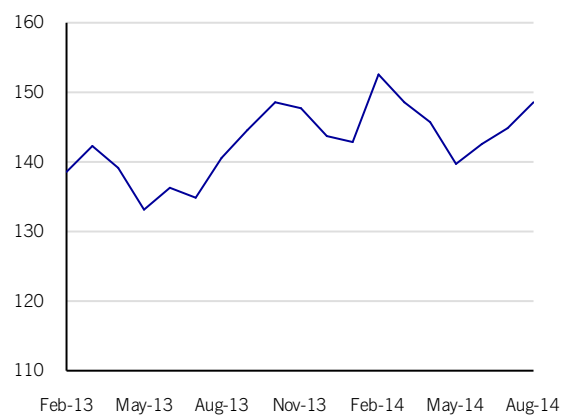
## Regions

The Real Estate Investment Indicator rose in all regions apart from North and West India. Respondents from South India were much more optimistic about purchasing a house, and carried much of the rise in House Selling Sentiment. In West India, housing sentiment fell to the lowest since September 2013 as respondents were negative about purchasing a house in the next six months, even though they expected prices to escalate.

Real Estate Investment Indicator - Components

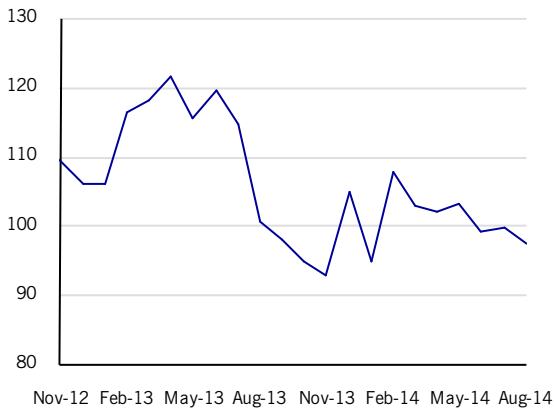


Real Estate Prices: Expected Changes in Next 6 Months

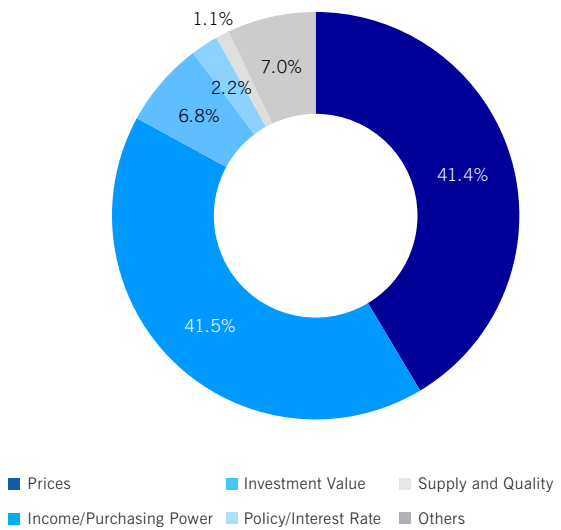




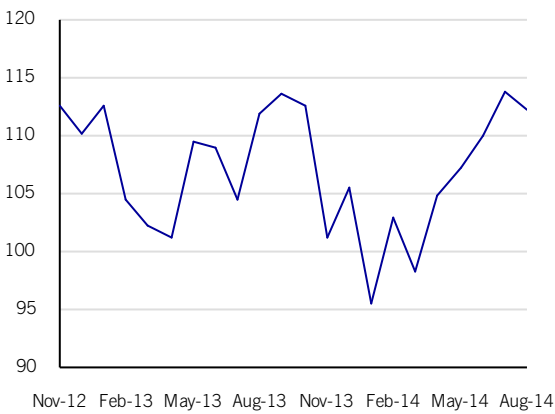
House Buying Sentiment



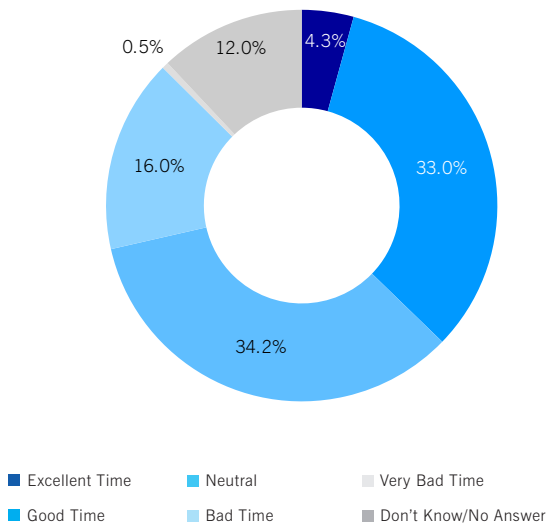
Reasons for Buying Houses (% of Households)



House Selling Sentiment

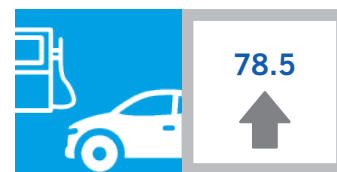


Timing for Selling Houses (% of Households)



## Car Purchase Indicator

### Tax Breaks Boost Sentiment



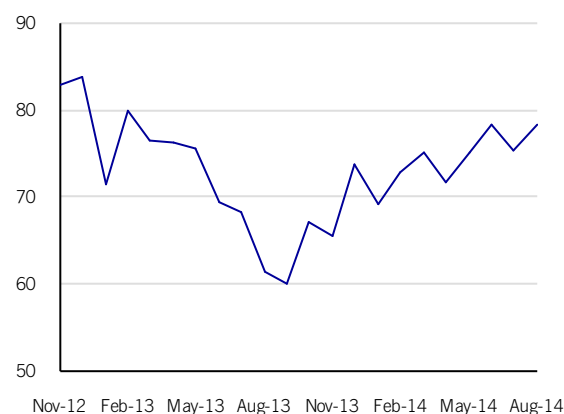
The Car Purchase Indicator rose to 78.5 in August from 75.6 in the previous month helped by the extension of tax breaks to purchase cars.

The Car Purchase Indicator is made up of two components, Car Purchase Expectations and Price of Gasoline Expectations, the latter having a negative impact on the indicator. The Car Purchase Expectations component, which gauges whether consumers believe it is a good or bad time to purchase a car over the next 12 months, increased to a five month high after the announcement of an extension to tax cuts on automobiles in the budget. This helped push Car Purchase Expectations up to 108.5 in August from 105.4 in July. Many consumers reported that several discounts were available on cars.

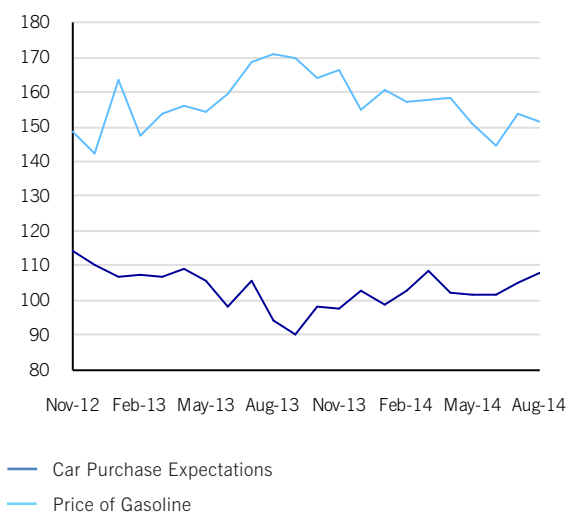
Since February when the tax cuts were first announced, our survey has shown that optimists have outnumbered pessimists. Of those consumers who felt it was a good time to purchase a car, there was a significant proportion of respondents who cited policies and interest rates as the main reason. In the recent budget, the government retained excise duty cuts on small cars, scooters/two-wheelers at 8%, from 12% previously, for another six months until December. It also extended the duty cut from 30% to 24% on SUVs, and medium segment sedans from 27-24% to 24-20%, respectively.

The majority of consumers cited higher income and purchasing power for their willingness to purchase a car. More car makers have launched compact cars to attract price sensitive customers and have also reduced prices of existing models.

Car Purchase Indicator



Car Purchase Indicator - Components



### Car Purchase Sentiment

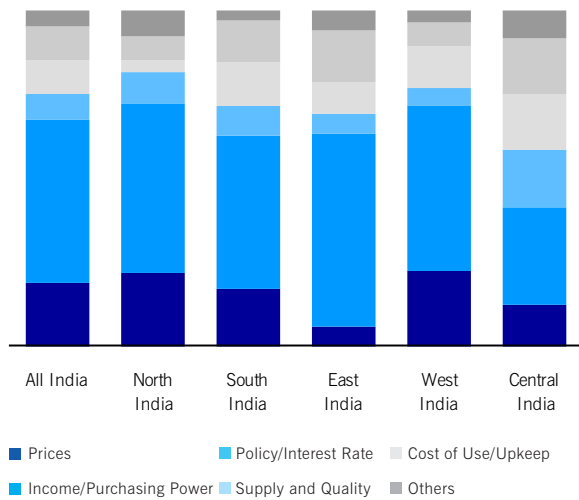
	Aug-13	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14
Car Purchase Sentiment	61.6	75.3	71.7	75.2	78.6	75.6	78.5
Car Purchase Expectations	94.3	108.9	102.3	101.8	101.7	105.4	108.5
Price of Gasoline	171.0	158.3	158.8	151.4	144.6	154.2	151.4



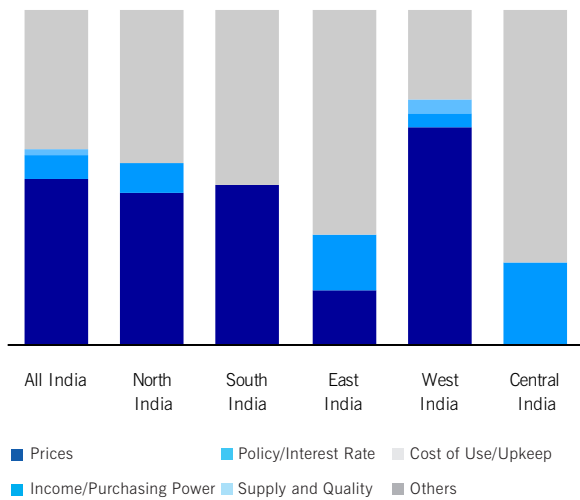
# Car Purchase Indicator Regions



Reasons for a Good Time to Buy a Car (% of Households)

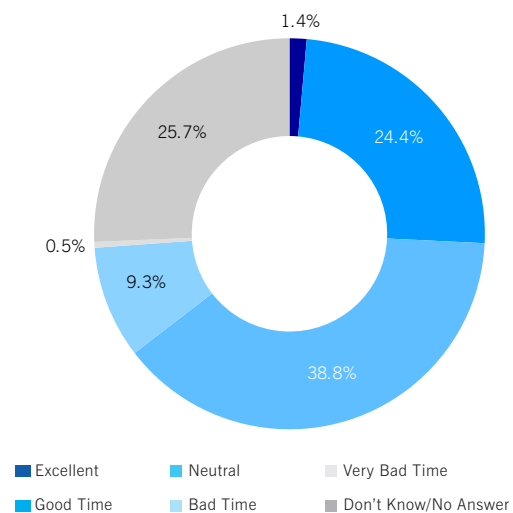


Reasons for a Bad Time to Buy a Car (% of Households)



Expectations for the Price of Gasoline fell to 151.4 in August from 154.2 in July. Some consumers reported that it was better to hire cabs or own CNG vehicles rather than petrol based ones. Just over half of consumers thought that the price of gasoline would rise, but those who were unsure or did not answer also increased. This is probably due to mixed signals provided by the government which has promised to lower inflation and to cut fuel subsidies in order to make the price of gasoline market determined.

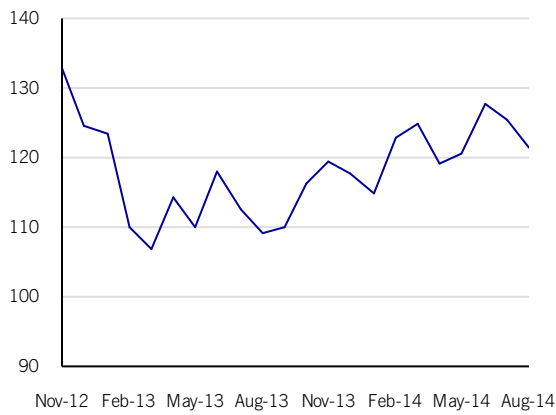
Is it a Good Time to Buy a Car? (% of Households)



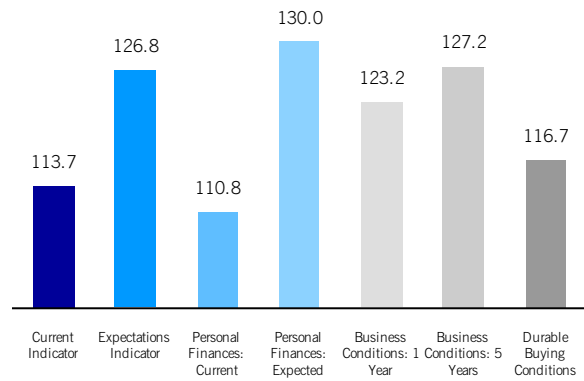
# MNI India Consumer Indicator Regions



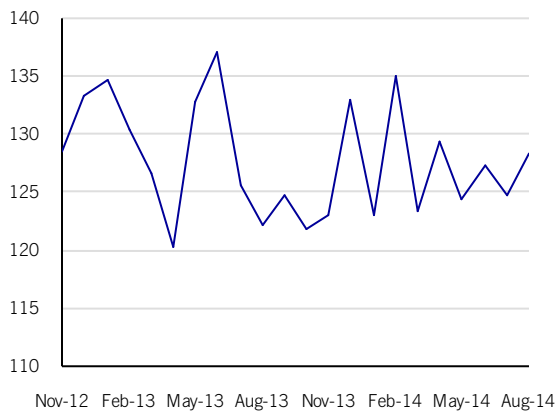
Consumer Indicator: North India



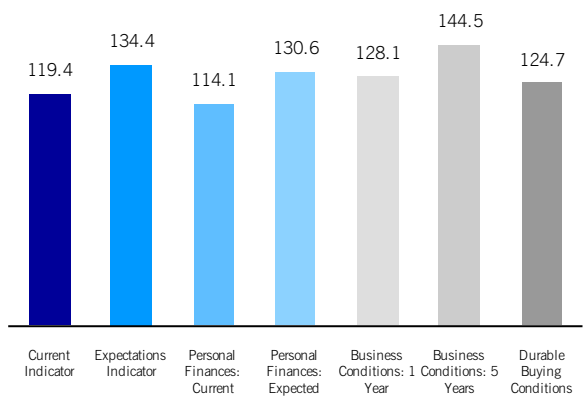
Consumer Indicator Components: North India



Consumer Indicator: South India

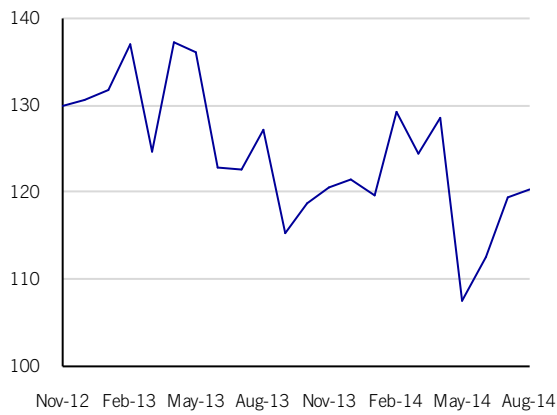


Consumer Indicator Components: South India

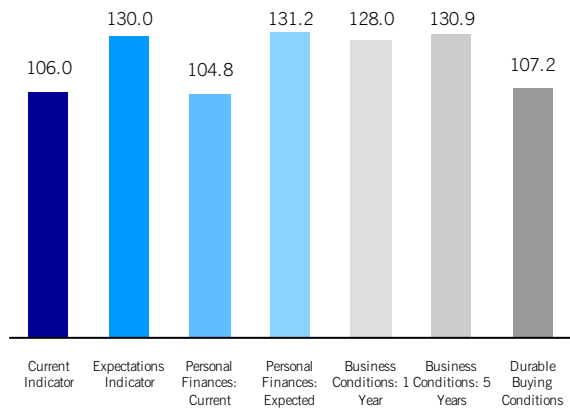




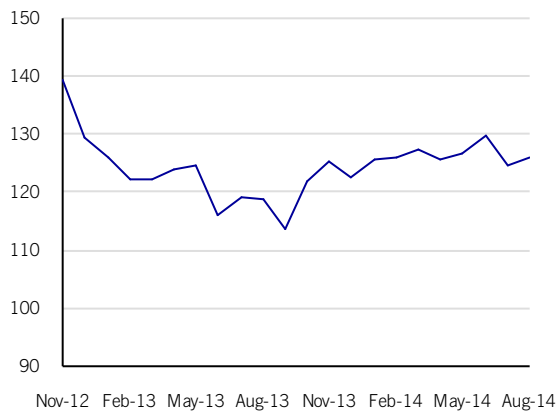
Consumer Indicator: East India



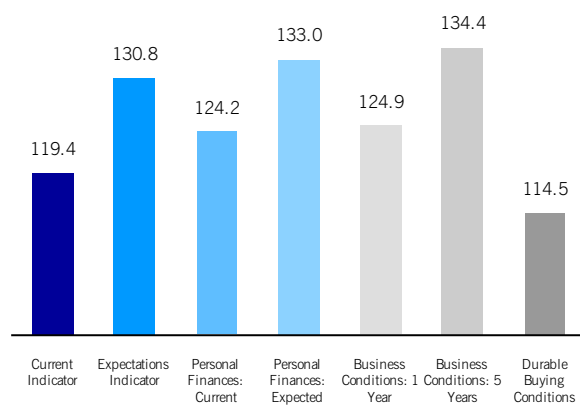
Consumer Indicator Components: East India



Consumer Indicator: West India

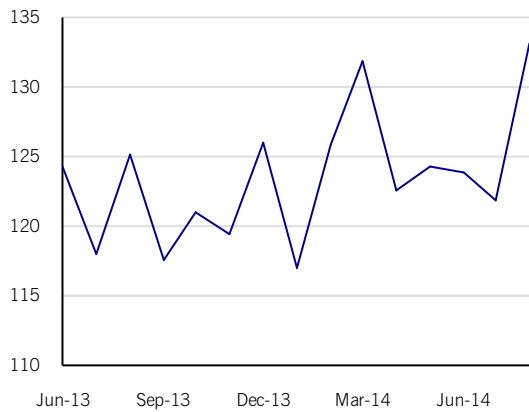


Consumer Indicator Components: West India

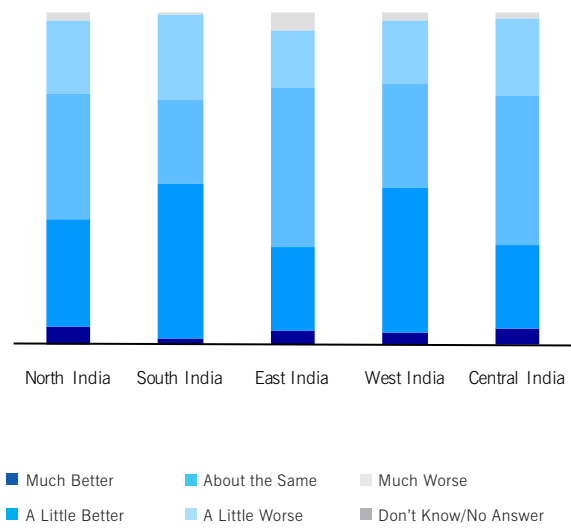




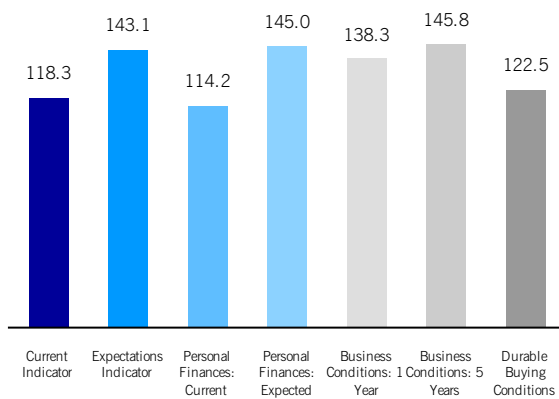
Consumer Indicator: Central India



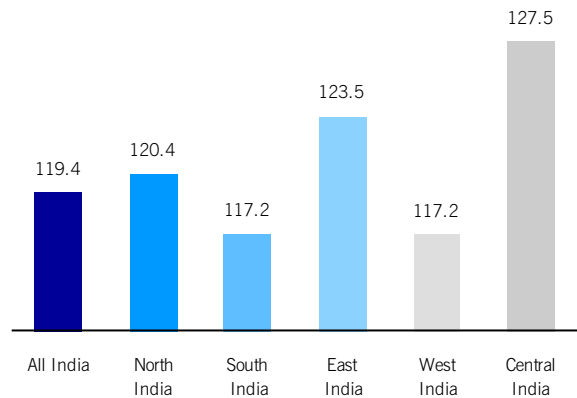
Employment Outlook for the Next 12 Months (% of Households)



Consumer Indicator Components: Central India

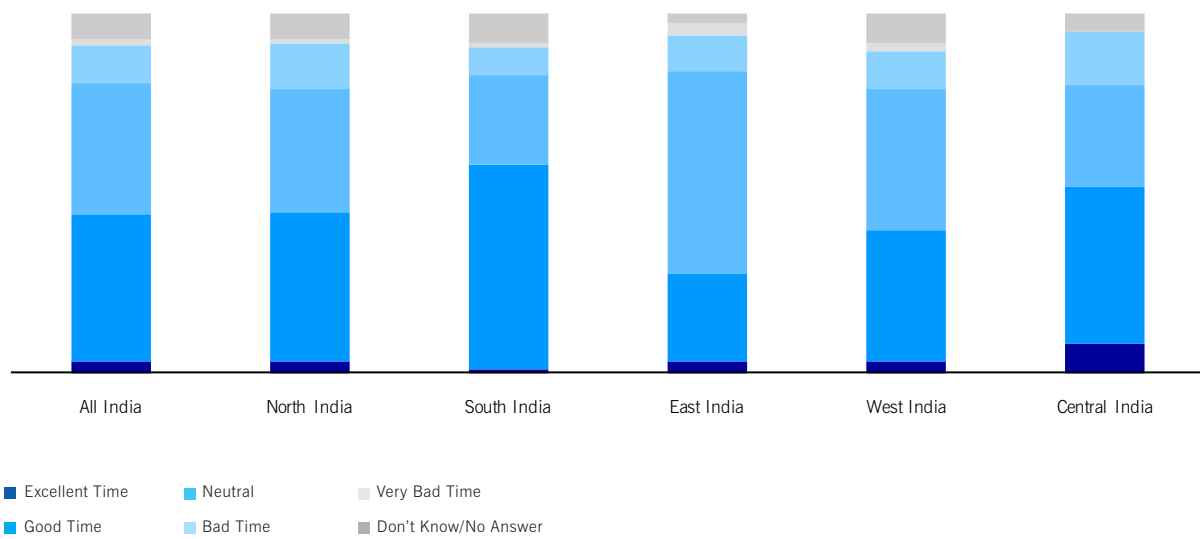


Interest Rate Expectations on House and Car Loans Indicator

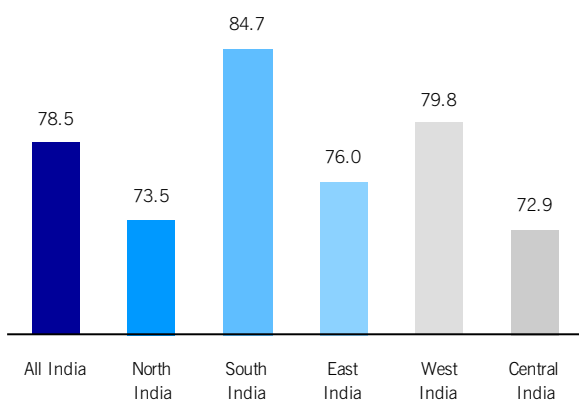




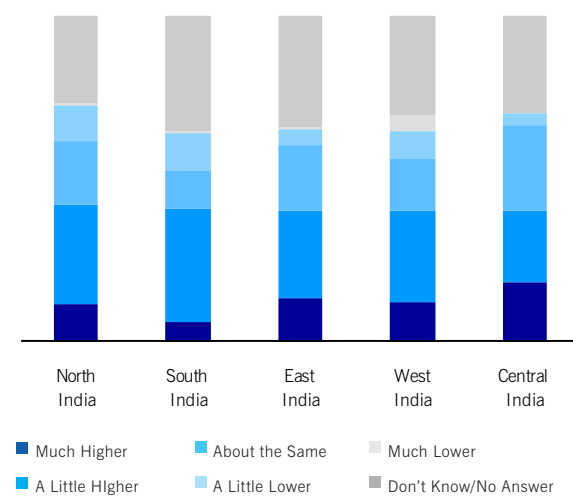
Is it a Good/Bad Time to Buy Large Household Goods? (% of Households)



Car Purchase Indicator - Regions



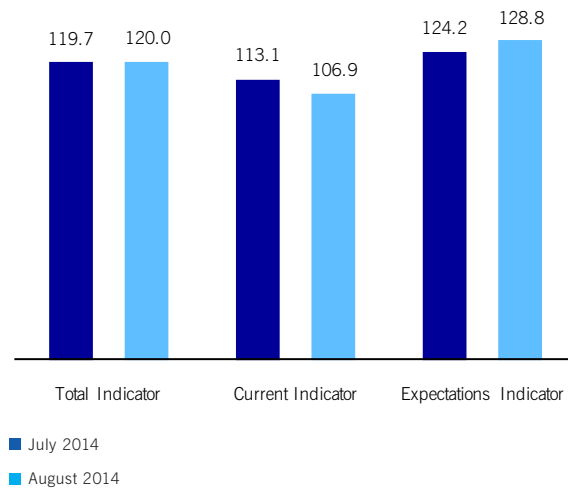
Interest Rates Expectations (% of Households)



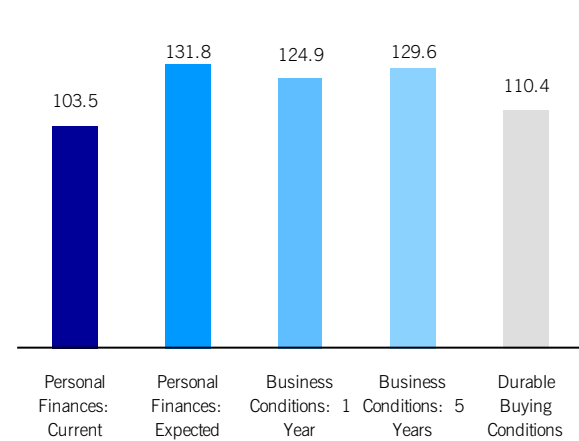
# MNI India Consumer Indicator Income Groups



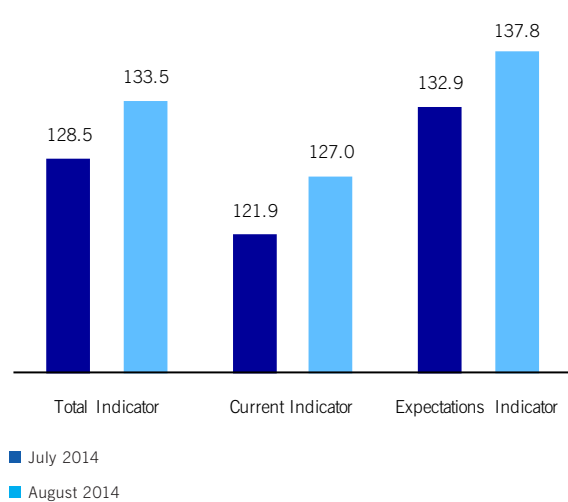
< INR 432,000 per annum



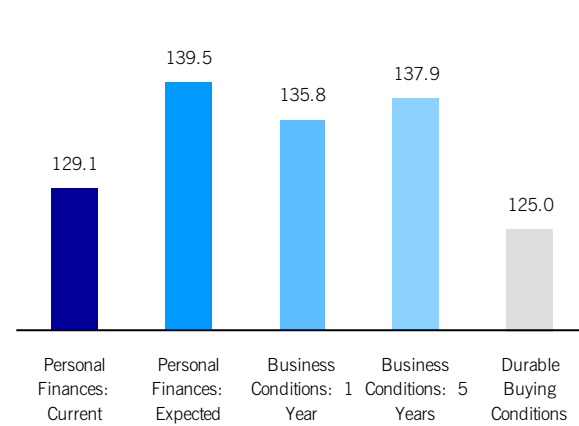
< INR 432,000 - Components



> INR 432,000 per annum



> INR 432,000 - Components



# Optimism about current conditions among low income households hit a series low...

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...while high income households' optimism about current conditions hit a series high.



## What the Panel Said

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A selection of comments from the panel of consumers surveyed over the past month.



"I am expecting some changes since the Modi government has been elected."

"Those who need a house will buy one, although from an investment point of view it is bad time to buy a house."

"Most of the people in the region are farmers and so can't afford to buy a house since farmers have lower incomes and because credit conditions are not good."

"Because of the budget, the prices of mobiles phones and TVs have decreased."

"Yes, it is definitely a good time to a good time to buy a house as interest rates are stable and stagnant."

"Prices are high and my job is not permanent. No bank will lend me money at the moment."

"Since new models have been launched and interest rates are low, people are buying cars."

"Excise duty and other taxes have been lowered, so the price of electronic items has decreased."

"We have moved to a smaller house to save money."

"Competition among car companies is increasing so I expect prices may come down."

"Online shopping is a good option."

"Because petrol rates are very high and are increasing day-by-day, I do not think I will buy a car."

"The metro is being built in the area and it is up and coming so house prices will be higher in the future."

"The cost of living is high."

"If the reason behind a house purchase is for accommodation then it's a good choice, if it's for investment then it's a bad choice."

"If the Government remains as it is, then there are hopes that improve business conditions will improve."

"Due to the budget, the price of household appliances has fallen."

"After the implementation of this budget, business conditions will improve."



# Data Tables

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A closer look at the data from the August consumer survey.

## North India Overview

	Jun-14	Jul-14	Aug-14	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
<b>North India Consumer Indicator</b>	128.0	125.5	121.6	-	May-14	125.0	-3.9	-3.1%
Current Indicator	115.1	113.1	113.7	Jun-14	-	114.0	0.6	0.6%
Expectations Indicator	136.5	133.8	126.8	-	May-14	132.4	-7.0	-5.2%
Personal Finance: Current	126.5	117.2	110.8	-	Sep-13	118.2	-6.4	-5.5%
Personal Finance: Expected	132.6	132.1	130.0	-	May-14	131.6	-2.1	-1.6%
Business Condition: 1 Year	132.6	130.6	123.2	-	Apr-14	128.8	-7.4	-5.7%
Business Condition: 5 Years	144.4	138.6	127.2	-	May-14	136.7	-11.4	-8.2%
Durable Buying Conditions	103.7	108.9	116.7	Apr-13	-	109.8	7.8	7.1%
Current Business Conditions Indicator	107.1	99.1	103.2	Jun-14	-	103.1	4.1	4.2%
Stock Investment Indicator	108.3	92.0	105.6	Jun-14	-	102.0	13.6	14.8%
Real Estate Investment Indicator	110.9	110.2	109.0	-	Oct-13	110.0	-1.2	-1.1%
Car Purchase Indicator	74.9	74.0	73.5	-	May-14	74.1	-0.5	-0.6%
Employment Outlook Indicator	115.1	110.0	108.3	-	May-14	111.1	-1.7	-1.6%
Inflation Expectations Indicator	140.7	145.8	140.4	-	Dec-12	142.3	-5.4	-3.7%
Current Prices Satisfaction Indicator	66.3	53.0	66.7	Feb-14	-	62.0	13.7	25.7%
Interest Rates Expectations Indicator	146.6	130.8	120.4	-	Jun-13	132.6	-10.4	-7.9%

## South India Overview

	Jun-14	Jul-14	Aug-14	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
<b>South India Consumer Indicator</b>	127.3	124.8	128.4	Apr-14	-	126.8	3.6	2.8%
Current Indicator	121.3	116.8	119.4	Jun-14	-	119.2	2.6	2.2%
Expectations Indicator	131.3	130.2	134.4	Feb-14	-	132.0	4.2	3.2%
Personal Finance: Current	125.8	120.4	114.1	-	Apr-13	120.1	-6.3	-5.2%
Personal Finance: Expected	123.1	126.9	130.6	Feb-14	-	126.9	3.7	2.9%
Business Condition: 1 Year	120.0	119.8	128.1	Jul-13	-	122.6	8.3	6.9%
Business Condition: 5 Years	150.9	143.9	144.5	Jun-14	-	146.4	0.6	0.4%
Durable Buying Conditions	116.9	113.3	124.7	Feb-14	-	118.3	11.4	10.1%
Current Business Conditions Indicator	119.6	117.7	119.1	Jun-14	-	118.8	1.4	1.1%
Stock Investment Indicator	113.0	136.7	130.5	-	Jun-14	126.7	-6.2	-4.5%
Real Estate Investment Indicator	108.1	104.3	114.7	Feb-14	-	109.0	10.4	10.0%
Car Purchase Indicator	81.6	76.3	84.7	Mar-14	-	80.9	8.4	11.0%
Employment Outlook Indicator	134.0	131.2	111.5	-	Apr-13	125.6	-19.7	-15.0%
Inflation Expectations Indicator	137.7	140.4	126.9	-	May-13	135.0	-13.5	-9.6%
Current Prices Satisfaction Indicator	74.8	83.3	73.4	-	May-14	77.2	-9.9	-11.8%
Interest Rates Expectations Indicator	137.6	128.6	117.2	-	series low	127.8	-11.4	-8.9%

## East India Overview

	Jun-14	Jul-14	Aug-14	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
<b>East India Consumer Indicator</b>	112.8	119.6	120.4	Apr-14	-	117.6	0.8	0.7%
Current Indicator	105.7	108.2	106.0	-	Jun-14	106.6	-2.2	-2.0%
Expectations Indicator	117.5	127.2	130.0	Apr-14	-	124.9	2.8	2.2%
Personal Finance: Current	108.3	110.7	104.8	-	series low	107.9	-5.9	-5.3%
Personal Finance: Expected	117.4	111.9	131.2	Feb-14	-	120.2	19.3	17.2%
Business Condition: 1 Year	109.5	126.1	128.0	Apr-14	-	121.2	1.9	1.5%
Business Condition: 5 Years	125.5	143.5	130.9	-	Jun-14	133.3	-12.6	-8.8%
Durable Buying Conditions	103.1	105.6	107.2	Apr-14	-	105.3	1.6	1.5%
Current Business Conditions Indicator	100.8	105.4	103.9	-	Jun-14	103.4	-1.5	-1.5%
Stock Investment Indicator	108.8	116.7	129.1	series high	-	118.2	12.4	10.7%
Real Estate Investment Indicator	106.6	110.5	112.0	Apr-14	-	109.7	1.5	1.4%
Car Purchase Indicator	76.0	79.9	76.0	-	Jun-14	77.3	-3.9	-4.8%
Employment Outlook Indicator	115.0	121.9	102.8	-	May-14	113.2	-19.1	-15.6%
Inflation Expectations Indicator	119.2	125.0	126.7	Apr-14	-	123.6	1.7	1.4%
Current Prices Satisfaction Indicator	77.1	93.4	71.3	-	May-14	80.6	-22.1	-23.6%
Interest Rates Expectations Indicator	109.4	116.5	123.5	Apr-14	-	116.5	7.0	6.0%

## West India Overview

	Jun-14	Jul-14	Aug-14	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
<b>West India Consumer Indicator</b>	129.9	124.8	126.2	Jun-14	-	127.0	1.4	1.1%
Current Indicator	116.2	115.3	119.4	Jan-13	-	117.0	4.1	3.5%
Expectations Indicator	139.0	131.2	130.8	-	Dec-13	133.7	-0.4	-0.3%
Personal Finance: Current	123.8	122.8	124.2	Jan-14	-	123.6	1.4	1.2%
Personal Finance: Expected	132.4	124.2	133.0	Apr-14	-	129.9	8.8	7.0%
Business Condition: 1 Year	136.0	127.7	124.9	-	Dec-13	129.5	-2.8	-2.1%
Business Condition: 5 Years	148.6	141.7	134.4	-	Dec-13	141.6	-7.3	-5.1%
Durable Buying Conditions	108.7	107.9	114.5	Jul-13	-	110.4	6.6	6.2%
Current Business Conditions Indicator	114.6	108.4	111.8	Jun-14	-	111.6	3.4	3.2%
Stock Investment Indicator	125.8	116.7	112.3	-	Mar-14	118.3	-4.4	-3.7%
Real Estate Investment Indicator	112.7	113.9	108.7	-	Sep-13	111.8	-5.2	-4.6%
Car Purchase Indicator	80.3	74.8	79.8	Jun-14	-	78.3	5.0	6.8%
Employment Outlook Indicator	122.8	119.2	113.3	-	Sep-13	118.4	-5.9	-4.9%
Inflation Expectations Indicator	125.9	131.4	135.1	May-14	-	130.8	3.7	2.8%
Current Prices Satisfaction Indicator	66.3	72.1	68.5	-	Jun-14	69.0	-3.6	-5.0%
Interest Rates Expectations Indicator	136.0	134.9	117.2	-	Apr-13	129.4	-17.7	-13.1%

## Central India Overview

	Jun-14	Jul-14	Aug-14	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
<b>Central India Consumer Indicator</b>	123.9	121.9	133.2	Apr-13	-	126.3	11.3	9.2%
Current Indicator	115.3	115.4	118.3	Dec-13	-	116.3	2.9	2.6%
Expectations Indicator	129.7	126.3	143.1	Apr-13	-	133.0	16.8	13.3%
Personal Finance: Current	123.7	119.2	114.2	-	Feb-14	119.0	-5.0	-4.2%
Personal Finance: Expected	128.0	124.0	145.0	Mar-14	-	132.3	21.0	16.9%
Business Condition: 1 Year	122.9	119.2	138.3	Apr-13	-	126.8	19.1	16.0%
Business Condition: 5 Years	138.1	135.6	145.8	Mar-14	-	139.8	10.2	7.6%
Durable Buying Conditions	106.8	111.5	122.5	Apr-13	-	113.6	11.0	9.8%
Current Business Conditions Indicator	101.7	104.8	87.5	-	series low	98.0	-17.3	-16.5%
Stock Investment Indicator	-	-	-	-	-	-	-	-
Real Estate Investment Indicator	115.8	113.8	121.1	Apr-14	-	116.9	7.3	6.4%
Car Purchase Indicator	78.0	74.5	72.9	-	May-14	75.1	-1.6	-2.2%
Employment Outlook Indicator	122.9	115.4	104.2	-	series low	114.2	-11.2	-9.7%
Inflation Expectations Indicator	127.1	145.2	139.2	-	Jun-14	137.2	-6.0	-4.2%
Current Prices Satisfaction Indicator	67.8	67.3	46.7	-	series low	60.6	-20.6	-30.7%
Interest Rates Expectations Indicator	131.4	139.4	127.5	-	Nov-13	132.8	-11.9	-8.6%

## All India - Overview by Age

	Jun-14	Jul-14	Aug-14	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
<b>Age 18-34</b>								
<b>MNI India Consumer Indicator</b>	129.9	125.7	126.7	Jun-14	-	127.4	1.0	0.8%
Current Indicator	119.1	115.7	116.8	Jun-14	-	117.2	1.1	0.9%
Expectations Indicator	137.1	132.3	133.4	Jun-14	-	134.3	1.1	0.8%
Personal Finance: Current	127.1	122.2	118.8	-	Jul-13	122.7	-3.4	-2.8%
Personal Finance: Expected	132.3	126.8	136.9	Feb-14	-	132.0	10.1	7.9%
Business Condition: 1 Year	129.9	126.7	127.1	Jun-14	-	127.9	0.4	0.3%
Business Condition: 5 Years	149.0	143.4	136.1	-	Feb-14	142.8	-7.3	-5.1%
Durable Buying Conditions	111.2	109.2	114.8	Dec-13	-	111.7	5.6	5.2%
<b>Age 35-54</b>								
<b>MNI India Consumer Indicator</b>	124.8	123.5	124.8	Mar-14	-	124.4	1.3	1.1%
Current Indicator	115.0	113.5	116.6	Mar-14	-	115.0	3.1	2.8%
Expectations Indicator	131.3	130.2	130.3	Jun-14	-	130.6	0.1	0.1%
Personal Finance: Current	121.8	117.8	113.9	-	Jul-13	117.8	-3.9	-3.3%
Personal Finance: Expected	126.5	125.5	129.0	Apr-14	-	127.0	3.5	2.8%
Business Condition: 1 Year	123.9	125.8	126.6	Feb-14	-	125.4	0.8	0.6%
Business Condition: 5 Years	143.4	139.4	135.3	-	May-14	139.4	-4.1	-2.9%
Durable Buying Conditions	108.2	109.1	119.3	May-13	-	112.2	10.2	9.4%
<b>Age 55-64</b>								
<b>MNI India Consumer Indicator</b>	122.9	122.9	122.6	-	May-14	122.8	-0.3	-0.2%
Current Indicator	111.0	114.7	113.6	-	Jun-14	113.1	-1.1	-1.0%
Expectations Indicator	130.9	128.3	128.6	Jun-14	-	129.3	0.3	0.2%
Personal Finance: Current	117.7	119.1	111.5	-	Jan-14	116.1	-7.6	-6.4%
Personal Finance: Expected	124.2	121.7	128.9	Mar-14	-	124.9	7.2	5.9%
Business Condition: 1 Year	130.0	124.0	124.3	Jun-14	-	126.1	0.3	0.2%
Business Condition: 5 Years	138.5	139.1	132.5	-	Feb-14	136.7	-6.6	-4.7%
Durable Buying Conditions	104.2	110.4	115.6	Jul-13	-	110.1	5.2	4.8%



## All India - Overview by Income

	Jun-14	Jul-14	Aug-14	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
<b>&lt; INR 432,000 per annum</b>								
<b>MNI India Consumer Indicator</b>	120.9	119.7	120.0	Jun-14	-	120.2	0.3	0.2%
Current Indicator	113.3	113.1	106.9	-	series low	111.1	-6.2	-5.4%
Expectations Indicator	126.0	124.2	128.8	Apr-14	-	126.3	4.6	3.7%
Personal Finance: Current	118.7	117.5	103.5	-	series low	113.2	-14.0	-11.9%
Personal Finance: Expected	113.4	116.9	131.8	Feb-14	-	120.7	14.9	12.7%
Business Condition: 1 Year	113.8	115.0	124.9	Feb-14	-	117.9	9.9	8.6%
Business Condition: 5 Year	150.8	140.6	129.6	-	Jul-13	140.3	-11.0	-7.8%
Durable Buying Conditions	108.0	108.7	110.4	May-14	-	109.0	1.7	1.5%
<b>&gt; INR 432,000 per annum</b>								
<b>MNI India Consumer Indicator</b>	137.6	128.5	133.5	Jun-14	-	133.2	5.0	3.8%
Current Indicator	123.9	121.9	127.0	series high	-	124.3	5.1	4.2%
Expectations Indicator	146.8	132.9	137.8	Jun-14	-	139.2	4.9	3.6%
Personal Finance: Current	135.5	127.7	129.1	Jun-14	-	130.8	1.4	1.1%
Personal Finance: Expected	140.2	130.8	139.5	Jun-14	-	136.8	8.7	6.7%
Business Condition: 1 Year	146.0	123.5	135.8	Jun-14	-	135.1	12.3	10.0%
Business Condition: 5 Year	154.2	144.5	137.9	-	Jan-14	145.5	-6.6	-4.6%
Durable Buying Conditions	112.3	116.1	125.0	series high	-	117.8	8.9	7.6%

## Methodology

The MNI India Consumer Sentiment Survey is a wide ranging monthly survey of consumer confidence across India.

Data is collected via telephone interviews. At least 1,000 interviews are conducted each month across the country.

The survey adopts a similar methodology to the University of Michigan survey of U.S. consumer sentiment.

The main MNI India Consumer Indicator is derived from five questions, two on current conditions and three on future expectations:

- 1) Current personal financial situation compared to a year ago
- 2) Current willingness to buy major household items
- 3) Personal financial situation one year from now
- 4) Overall business conditions one year from now
- 5) Overall business conditions for the next 5 years

Indicators relating to specific questions in the report are diffusion indices with 100 representing a neutral level, meaning positive and negative answers are equal. Values above 100 indicate increasing positivity while values below show increasing negativity.



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**Published by**

MNI Indicators | Deutsche Börse Group

Westferry House

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London

E14 4HE

[www.mni-indicators.com](http://www.mni-indicators.com)

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