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MNI India Consumer Report December 2014

Insight and data for better decisions

About MNI Indicators

Insight and data for better decisions

MNI Indicators offers unique macro-economic data and insight to businesses and the investment community. We produce data and intelligence that is unbiased, pertinent and responsive. Our data moves markets.

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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MNI India Consumer Report - December 2014

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Best of the BRICs

While both our consumer and business confidence surveys ended 2014 on a rather subdued note, India is still expected to steal the show from the rest of the BRICs this year.

While both our consumer and business confidence surveys ended 2014 on a rather subdued note, India is still expected to steal the show from the rest of the BRICs this year.

First coined in 2001 by former Goldman Sachs economist Jim O'Neill, the acronym "BRIC" denotes the countries of Brazil, Russia, India and China which he anticipated would have a significant influence on the world economy over the subsequent decade. He was certainly right, although today the outlook for the next decade is not quite as bright.

Brazil's economy has stagnated over the past four years under the leadership of President Dilma Rousseff, who has favoured unsustainable fiscal and social spending while shunning private enterprise. The last minute construction of football stadiums and unfinished infrastructure projects for the FIFA World Cup, which was hosted in Rio de Janeiro in 2014, highlight the government's grand but impossible vision. It came as no surprise that Brazil's rating outlook was cut to negative by Moodys last September with the situation unlikely to change anytime soon following the narrow re-election of Rousseff in October.

Russia, meanwhile, is reeling from the economic sanctions it has incurred from Western nations following the annexation of Crimea and occupation of eastern Ukraine. With around half of Russia's budget relying on revenue from oil exports, the lower oil price is already hurting the economy. The rouble has fallen significantly in 2014 in spite of the Central Bank of Russia hiking the key rate by a total of 1050 basis points over the past year alone. At the moment the country is staring into the abyss with the possibility of a repeat of the 1998 crisis no longer an outside risk.

While China remains relatively strong, economic growth has slowed and is expected to miss the government's 2014 growth target for the first time since the 1998 Asian financial crisis. While the People's Bank of China has recently cut the benchmark one-year loan rate by 40 basis points to 5.6% in an effort to stimulate the economy, China's double digit growth days are now long gone.

So what about India? While annual growth might have slowed slightly to 5.3% in the three months to September from 5.7% in the previous quarter, the economy is expected to flourish following the sweeping victory of the pro-business Bharatiya Janata Party. Led by the popular Prime Minister Narendra Modi, the government is expected to bring about investment and growth through big-bang reforms to India's notoriously complex tax system and cut through bureaucratic red tape. The country finally looks set to capitalise on its young population and will surely outstrip Chinese growth over the coming years.

Reserve Bank of India Governor Raghuram Rajan has not waived from his inflation targeting mandate and is now reaping the benefits. Consumer price inflation fell to the lowest level on record in November and below the RBI's target for both January 2015 and January 2016. A well timed fall in the price of oil means that rates are likely to start falling early in 2015 which will help to underpin growth.

Nevertheless, it is critical that the big bang reforms that Modi promised in his election are fully implemented. Without follow through on these, the early signs of Modi fatigue seen recently in both our business and consumer surveys could prove longer lasting. Still, with Russia a write-off and the increasingly uncertain future of both Brazil and China, India looks to have the brightest outlook of the BRICs.

George Brown
Junior Economist
MNI Indicators



Executive Summary

The MNI India Consumer Indicator fell by 1.3 points to 119.6 in December from 120.9 in November, the lowest in 15 months and not that far off the September 2013 low.

The MNI India Consumer Indicator fell by 1.3 points to 119.6 in December from 120.9 in November, the lowest in 15 months and not that far off the September 2013 low. Sentiment had picked up ahead of the general election in 2014, but has dropped back significantly, cautioning against the acute level of optimism associated with Prime Minister Narendra Modi.

The Current Indicator, which measures consumers' assessment of their current conditions, declined to a series' low of 106.9 in December from 110.7 in November. The forward looking Expectations Indicator, which is made up of three components, remained broadly stable at 128.0 compared with 127.7 in the previous month.

Only the Business Conditions in a Year Indicator improved this month, rising to 119.9, with the remaining components of the Consumer Indicator declining. The drop in sentiment was led by a fall in the Durable Buying Conditions Indicator to 99.4 with pessimists outnumbering optimists for the first time in the survey's history

The fall in sentiment comes off the back of a poor festival season during which consumers were less confident about spending on large household items in comparison with the previous year when the economic climate was even worse. The decline came in spite of increased satisfaction with the current level of prices which was seemingly outweighed by wider dissatisfaction with the current state of household finances.

Sentiment about Current Personal Finances fell to 114.4, just a whisker above the record low seen in July 2013 when India was mired in a currency crisis. Expected Personal Finances also declined, although remained far more buoyant at 126.3 in December.

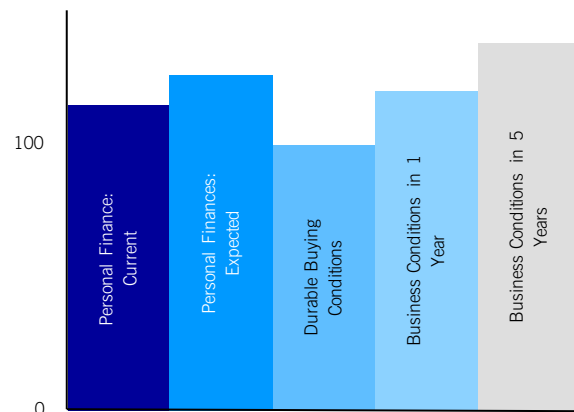
The Car Purchase Expectations component, which gauges whether consumers believe it is a good or bad time to purchase a car over the next 12 months, fell to a record low of 79.7 in December. Among consumers who felt it was a bad time to purchase a

car, the majority cited prices as the main reason while a growing proportion attributed their disinclination to buy a car to low investment value. The government's decision to discontinue the excise duty concessions is likely to further undermine car buying sentiment.

The Stock Investment Indicator rose to a three-month high of 118.5 as respondents enjoyed higher profits from their investments at the end of the year and were more optimistic about stock performance in 2015.

Optimism surrounding the job market improved for the second consecutive month to 121.1 in December. Sentiment has rebounded after hitting a record low in October, with respondents more convinced that the government's business friendly reforms will help to create jobs.

MNI India Consumer Indicator - Components



All India - Overview

	Oct-14	Nov-14	Dec-14	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
MNI India Consumer Indicator	123.7	120.9	119.6	-	Sep-13	121.4	-1.3	-1.1%
Current Indicator	111.0	110.7	106.9	-	series low	109.5	-3.8	-3.4%
Expectations Indicator	132.3	127.7	128.0	Oct-14	-	129.3	0.3	0.2%
Personal Finance: Current	115.4	115.6	114.4	-	Jul-13	115.1	-1.2	-1.1%
Personal Finance: Expected	129.2	128.7	126.3	-	Jul-14	128.1	-2.4	-1.8%
Business Condition: 1 Year	128.8	116.3	119.9	Oct-14	-	121.7	3.6	3.1%
Business Condition: 5 Years	138.8	138.1	137.9	-	Sep-14	138.3	-0.2	-0.2%
Durable Buying Conditions	106.5	105.8	99.4	-	series low	103.9	-6.4	-6.1%
Current Business Conditions Indicator	113.5	108.6	116.6	Jun-13	-	112.9	8.0	7.3%
Stock Investment Indicator	108.9	114.8	118.5	Sep-14	-	114.1	3.7	3.2%
Real Estate Investment Indicator	112.6	111.0	111.0	-	Jul-14	111.5	0.0	0.0%
Car Purchase Indicator	86.1	91.7	91.4	-	Oct-14	89.7	-0.3	-0.4%
Employment Outlook Indicator	106.9	111.4	121.1	Jun-14	-	113.1	9.7	8.7%
Inflation Expectations Indicator	127.9	119.0	123.2	Oct-14	-	123.4	4.2	3.6%
Current Prices Satisfaction Indicator	81.6	89.7	97.1	May-13	-	89.5	7.4	8.3%
Interest Rates Expectations Indicator	124.6	122.0	129.4	Jul-14	-	125.3	7.4	6.0%

All India - Summary

	2013	2014											
	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
MNI India Consumer Indicator	123.9	121.2	127.8	125.8	125.2	122.1	126.2	124.1	125.2	124.1	123.7	120.9	119.6
Current Indicator	119.0	113.2	118.4	115.5	114.1	114.6	115.7	114.2	116.2	117.5	111.0	110.7	106.9
Expectations Indicator	127.2	126.6	134.2	132.8	132.6	127.2	133.2	130.8	131.2	128.4	132.3	127.7	128.0
Personal Finance: Current	122.5	120.5	125.3	119.4	121.8	120.6	122.9	119.1	115.4	117.1	115.4	115.6	114.4
Personal Finance: Expected	131.0	127.8	137.4	133.1	130.2	122.5	128.1	125.2	132.1	132.2	129.2	128.7	126.3
Business Condition: 1 Year	117.4	119.3	128.2	124.5	126.3	122.3	127.2	125.9	126.4	120.7	128.8	116.3	119.9
Business Condition: 5 Years	133.1	132.7	136.9	140.8	141.3	136.8	144.5	141.3	135.1	132.5	138.8	138.1	137.9
Durable Buying Conditions	115.5	106.0	111.4	111.6	106.4	108.6	108.5	109.3	116.9	118.0	106.5	105.8	99.4
Current Business Conditions Indicator	114.5	108.9	116.0	102.9	106.3	104.7	111.4	107.7	109.0	113.9	113.5	108.6	116.6
Stock Investment Indicator	102.3	102.3	105.1	89.7	110.9	120.6	118.4	112.9	113.5	130.8	108.9	114.8	118.5
Investment Return	100.5	103.0	104.5	82.7	114.6	139.1	132.8	131.1	126.5	162.4	109.1	144.3	158.2
Stock Price Sentiment	105.8	107.4	103.7	128.6	119.3	112.8	117.8	125.6	106.0	122.2	111.8	131.8	145.5
Stock Market Expectations	112.1	111.1	114.3	114.9	137.4	135.5	140.1	133.2	120.1	152.2	129.2	131.8	142.8
Real Estate Investment Indicator	114.4	114.2	119.1	117.8	114.4	111.9	110.6	110.3	111.3	112.5	112.6	111.0	111.0
House Price Expectations	143.8	143.1	152.6	148.6	145.9	139.8	142.6	144.9	148.7	146.4	149.6	144.0	154.2
House Buying Sentiment	104.8	94.9	107.7	102.8	102.1	103.2	99.1	99.7	97.4	96.2	98.4	92.1	89.3
House Selling Sentiment	105.4	95.5	102.9	98.2	104.9	107.3	110.0	113.7	112.2	105.2	110.0	103.2	110.7
Car Purchase Indicator	73.8	69.2	73.0	75.3	71.7	75.2	78.6	75.6	78.5	86.6	86.1	91.7	91.4
Car Purchase Expectations	103.0	99.0	103.2	108.9	102.3	101.8	101.7	105.4	108.5	107.6	100.8	89.8	79.7
Price of Gasoline Expectations	155.4	160.6	157.2	158.3	158.8	151.4	144.6	154.2	151.4	134.4	128.5	106.3	96.9
Employment Outlook Indicator	117.6	112.0	121.8	115.7	115.7	116.5	122.5	119.9	109.8	109.1	106.9	111.4	121.1
Inflation Expectations Indicator	152.6	153.6	154.8	154.2	152.2	146.4	131.5	137.0	133.7	131.1	127.9	119.0	123.2
Current Prices Satisfaction Indicator	86.2	75.7	75.4	67.2	66.3	63.0	69.8	72.5	68.3	78.8	81.6	89.7	97.1
Interest Rates Expectations Indicator	140.4	136.3	134.6	133.0	133.6	130.1	135.3	130.2	119.4	121.0	124.6	122.0	129.4

All India - Records

	2012-Current			
	Minimum	Maximum	Mean	Median
MNI India Consumer Indicator	115.9	133.7	123.5	123.8
Current Indicator	106.9	128.3	116.0	115.3
Expectations Indicator	120.3	137.3	128.5	128.1
Personal Finance: Current	114.2	135.4	120.7	119.9
Personal Finance: Expected	118.4	141.5	129.0	128.9
Business Condition: 1 Year	114.1	131.8	122.3	120.9
Business Condition: 5 Years	123.9	144.5	134.2	133.9
Durable Buying Conditions	99.4	121.1	111.4	111.5
Current Business Conditions Indicator	102.9	124.9	113.5	113.3
Stock Investment Indicator	89.7	130.8	107.8	105.1
Investment Return	82.7	162.4	117.3	111.8
Stock Price Sentiment	100.4	145.5	114.3	111.9
Stock Market Expectations	103.8	152.2	121.4	118.7
Real Estate Investment Indicator	109.7	119.9	113.7	113.1
House Price Expectations	133.3	154.2	144.0	144.0
House Buying Sentiment	89.3	121.5	103.9	102.4
House Selling Sentiment	95.5	113.7	107.1	108.1
Car Purchase Indicator	60.1	91.7	75.6	75.4
Car Purchase Expectations	79.7	114.8	102.3	103.1
Price of Gasoline Expectations	96.9	171.0	151.0	155.0
Employment Outlook Indicator	106.9	128.3	117.8	118.4
Inflation Expectations Indicator	119.0	159.2	142.6	145.0
Current Prices Satisfaction Indicator	63.0	115.9	83.8	82.4
Interest Rates Expectations Indicator	116.6	140.4	129.4	130.2

Consumer sentiment eased for the fourth consecutive month in December...

...as respondents reported a significant weakening in their current financial situation.



Economic Landscape

Following the recent slide in inflation and the softening in growth, the RBI shed its long held hawkish position and said that monetary policy was likely to be loosened early in 2015, going as far as to say this could happen outside the policy review cycle.

Following the recent slide in inflation and the softening in growth, the RBI shed its long held hawkish position and said that monetary policy was likely to be loosened early in 2015, going as far as to say this could happen outside the policy review cycle. Latest economic data has on the whole been disappointing with industrial production contracting for the first time in seven months in October and the trade deficit widening sharply in November. To add to the government's woes, the fiscal deficit has already reached 99% of the target in the first eight months of the fiscal year.

On a positive note, the deadlock over the introduction of a goods and services tax (GST) between the central and state governments has ended, paving the way for its introduction in April 2016. The GST is aimed at improving India's cumbersome tax system by streamlining a multitude of central and local levies including excise and VAT into a single unified tax. This would in turn lower incentives to evade tax and bring in additional revenues to the government.

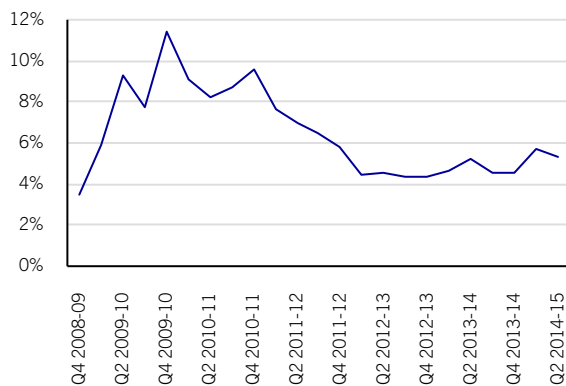
Economic growth slows

Latest GDP figures showed that the economy slowed slightly in the second quarter of the 2014-15 fiscal year after expanding at the quickest rate for two years in the previous quarter. In the three months to September, the economy grew by 5.3% on the year, down from 5.7% in the June quarter, although slightly above the 5.2% recorded a year earlier.

The slowdown was primarily due to meagre growth in the manufacturing sector, which expanded only 0.1% in the July-September quarter compared with 3.5% in the previous quarter. Output for agriculture also slowed to 3.2% on the year, compared with 3.8% in the previous quarter and 5% in the same quarter a year earlier. Mining decelerated slightly to 1.9% on the year compared with 2.1% previously. In contrast, GDP was boosted by the service sector, particularly community, social and private services which grew by 9.6% on the year.

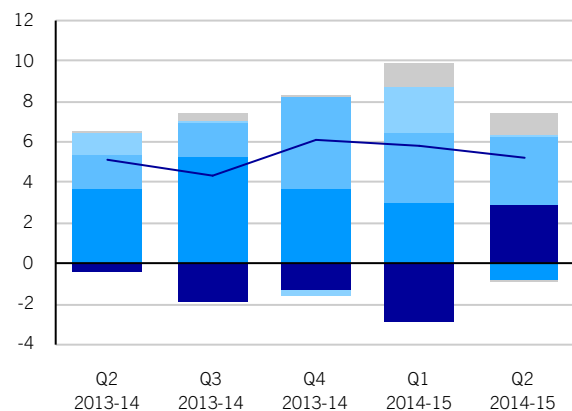
On an expenditure basis, personal consumption added 3.5 percentage points to growth, the same contribution as in the previous quarter, while net exports subtracted 0.8 percentage points to GDP growth, having contributed 3.0 percentage points

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

previously. Investment spending failed to contribute to GDP growth in the July-September quarter after adding 2.3 percentage points in the previous quarter.

The Ministry of Statistics has announced that it will recalibrate the way it measures India's GDP to reflect informal and under-represented economic sectors. GDP data is presently based at 2003-04 prices and is due to be rebased to 2011-12 prices on January 31. This will likely raise the level of GDP from 2011-12 onwards.

RBI Industrial Outlook worsens

The RBI's Industrial Outlook Survey showed that the Business Expectation Index (BEI), a gauge of manufacturing business sentiment, declined in the quarter ending March 2015 to 115.6 from a three-year high of 117.7 in the quarter ending December and 112.7 a year earlier.

Manufacturing companies witnessed some moderation in demand in the current period for October-December quarter to 104.6 from the previous quarter's 106.3, the lowest since June 2014.

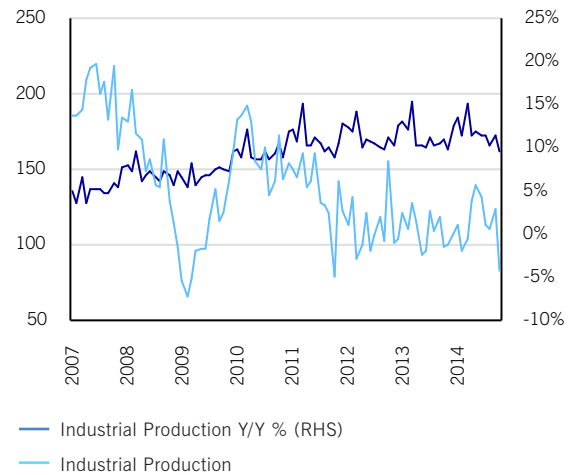
The slowdown in demand was reflected by declines in both order books and the accumulation of inventories which prompted an easing in production. As a consequence, companies revised down their expectations for business conditions in the subsequent quarter for production, orders, exports as well as employment.

RBI Consumer Confidence improves

The RBI's Consumer Confidence survey showed that the Current Situation Index (CSI), an assessment of consumer sentiment, improved in the quarter ending September to 105.0 from 100.4 in the quarter ending June, and was markedly above the 88.0 recorded in the quarter ending September a year earlier.

Consumers were increasingly optimistic about the future with the Future Expectations Index rising to a series high of 123.2 from 122.9 in the previous quarter. An increasing proportion of respondents expected their spending to increase in the 12 months

Industrial Production



Source: Central Statistical Organisation, India

ahead. The net response for perceptions on income in a year's time rose to 61.9%, signifying that the majority of respondents expected their income to rise.

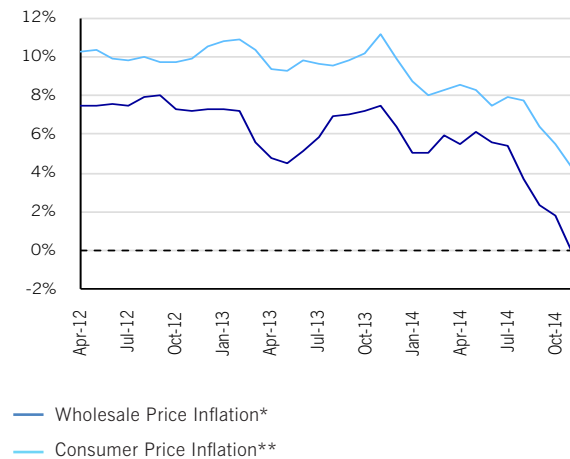
More up-to-date monthly data from the MNI India Consumer Sentiment Survey has shown confidence easing in recent months. The MNI India Consumer Sentiment Indicator fell to a 15-month low in December, with the current conditions indicator hitting the lowest level on record.

Industrial output shrinks in October

Industrial production unexpectedly contracted by 4.2% on the year in October, following growth of 2.8% in September. Accordingly, cumulative growth for the April-October period of the 2014-15 fiscal year fell to 1.9% over the corresponding period in 2013-14.

The fall in industrial production was led by manufacturing, which contributes about 75% to industrial output. Manufacturing output contracted by 7.6% on the year following revised growth of 2.9% in the previous month. 16 out of the 22 industry groups within the manufacturing sector contracted in October. The industry group 'Radio, TV and communication equipment & apparatus' saw the largest contraction

Inflation



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

(-70.2%), with output declining for the sixth consecutive month. This sector was followed by a 31.6% decline in 'Office, accounting & computing machinery' and a 24.7% decline in 'Furniture and manufacturing not elsewhere classified'.

Mining output grew for the 12th month in a row by 5.2% on the year in October compared with revised growth of 0.3% in September. Output of consumer durables, a measure of consumer demand, contracted for the fifth consecutive month by 35.2% on the year. Capital goods output, a proxy for investment, rose by 2.3% on the year.

Consumer price inflation hits record low

Consumer price inflation, which the Reserve Bank of India targets, fell to a historic low of 4.4% in November from 5.5% in October, marking the sixth consecutive month it has been below the RBI's inflation target of 8% by January 2015, and the second time it has been below the January 2016 target of 6%.

Food price inflation, which makes up almost half of the basket, eased to 3.1% from 5.6% in the previous month led by vegetable prices which contracted by 10%. Core CPI inflation, which excludes food and energy, slowed to 5.5% on the year from 5.9% in

October. Favourable base effects and falling global oil prices should help to ease pressure on food prices until the year end. Thereafter base effects will turn less favourable, although the weak price of oil should help to cap inflation.

The previously targeted measure of inflation, based on the wholesale price index, stagnated in November from 1.8% in October due to a sharp fall in fuel prices.

Repo rate unchanged at 8%

The Reserve Bank of India left the key policy rate at 8% at its monetary policy meeting on December 2, but indicated that a rate cut was likely early in 2015. The central bank also refrained from adjusting both the statutory liquidity ratio (SLR) and the cash reserve ratio (CRR), the main liquidity levers at its disposal.

Following the meeting Governor Rajan stated that a cut to the current rate would be premature given that inflation could rise from its current record low level as the base effect from the previous year dissipates. Nevertheless, he strongly hinted that policy was likely to be loosened early in 2015 if the current disinflationary momentum continues and there are conducive fiscal developments.

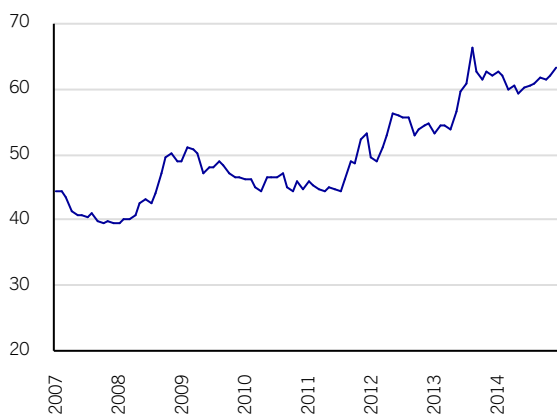
High fiscal budget deficit

In the April-November period, the government budget deficit stood at Rs 5.25 trillion, compared with Rs. 5.1 trillion last year. Government receipts totalled Rs. 5.49 trillion, higher than Rs. 5.12 trillion a year earlier. Out of this, net tax receipts were Rs. 4.13 trillion, higher than Rs. 3.96 trillion last year. Total expenditure was Rs. 10.74 trillion compared with Rs. 10.21 trillion a year earlier.

Even though expenditures were tightly controlled, poor realisation of revenues raises doubts as to whether the government can hit its 2014-15 target given that the fiscal deficit already stands at 98.9% of the budget estimate of Rs 5.31 trillion in only the first eight months of the fiscal year.

In his maiden budget, Finance Minister Arun Jaitley stuck to the fiscal deficit target of 4.1% of GDP for

Rupee Exchange Rate



— Indian Rupee versus US Dollar, end of period

Source: Reuters

2014-15 set by his predecessor Palaniappan Chidambaram in the interim budget. He plans to shrink the budget shortfall subsequently to 3.6% and 3% of GDP in the following years.

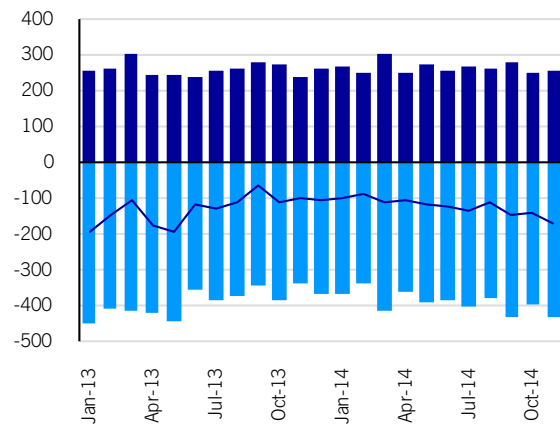
The recent removal of the diesel fuel subsidy should help to alleviate pressures on government finances. The government has raised excise duty on petrol and diesel three times since November to generate higher revenues amid the sharp fall in global crude prices. Consumers will not face higher prices as state-owned fuel retailers will absorb the hike.

The government remains optimistic that divestment in public ownership should pick up from mid-January to gather the much needed cash. It expects revenues worth Rs. 648.4 billion from telecom spectrum auctions, of which Rs. 160 billion is likely to be realised in the current fiscal year. In addition, the government has also announced a slew of austerity measures, such as curbs on foreign travel, conferences, purchase of vehicles and the creation of new posts to contain the budget deficit.

Trade deficit widens in November

India's trade deficit widened to an 18-month high of \$16.9 billion in November from \$13.4 billion in

Trade Balance



■ Exports (Billion US \$) — Trade Balance (Billion US \$)
■ Imports (Billion US \$)

Source: Ministry of Commerce and Industry

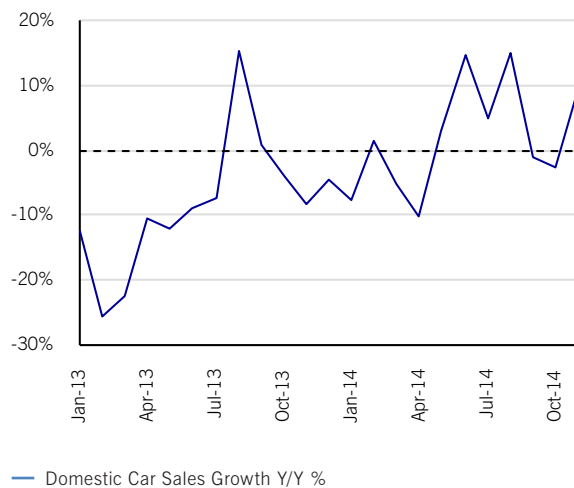
October, significantly above the \$9.6 billion shortfall recorded in November a year earlier when stringent curbs on gold imports were first in place.

Exports rose by 7.3% on the year to \$26 billion in November after falling 5% to \$26.1 billion in October. Imports surged by 26.8% on the year to \$42.8 billion in November from \$39.5 billion in October because of higher demand for gold and consumer goods during the festival season.

Gold imports jumped to \$5.6 billion in November from just \$0.8 billion a year ago and \$4.2 billion a month ago. Demand has been elevated in recent months due to the major festivals and the wedding season but was exacerbated in November by the decision by the Reserve Bank of India to reverse restrictions that force gold importers to set aside a fifth of all their shipments for re-export.

Oil imports fell by 9.7% to \$11.7 billion in November from \$12.4 billion in October due to the fall in global oil prices. The sharp correction in commodity prices is positive for India, which imports three-quarters of its oil requirements.

Car Sales



Source: Society of Indian Automobile Manufacturers

Foreign exchange reserves decline

India's foreign exchange reserves fell by \$287.5 million to \$319.7 billion in the week to December 26. According to the RBI's weekly statistical supplement, foreign currency assets, the biggest component of foreign exchange reserves, declined by \$271 million to \$295.4 billion while the value of India's gold reserves remained unchanged at \$18.99 billion in the week ending December 26.

There has been some pressure on the Indian rupee due to dollar strength after the US formally ended QE. However, the RBI has been building a sufficient level of reserves to help curb volatility in the foreign exchange market, and the RBI governor is confident that the country is less vulnerable to another run on the currency. Over the course of 2014, the rupee weakened by 2% against the dollar, while foreign institutional investors have bought \$16.12 billion from local equity markets.

Car sales rise markedly in November

Car sales in India rose by 10% on the year in November following a decline of 2.6% in October. The fall in fuel prices, as a result of the recent slide in global oil prices, combined with the expected end of a temporary government excise duty in December,

accounts for the sharp reversal in the trend. In the April-November period, car sales grew by 2.7% to 1.05 million units compared with 1.02 million units in the same period a year ago.

The Society of Indian Automobile Manufacturers (SIAM) forecast in August that car sales would rise by 5-10% in the 2014-15 fiscal year, although recently cautioned that growth was likely to be lower than their forecast unless the economy begins to grow faster.

Sales of commercial vehicles grew by 9% on the year in November after declining by 3% in October. For two-wheelers, sales of scooters were up by 26.5% on the year to 386,547 units in November, while sales for motorcycles were down by 3% to 853,254.



Indicators

Consumer sentiment eased for the fourth consecutive month in December as respondents reported a significant weakening in their current financial situation.

MNI India Consumer Indicator

Lowest Since September 2013



Consumer sentiment eased for the fourth consecutive month in December as respondents reported a significant weakening in their current financial situation.

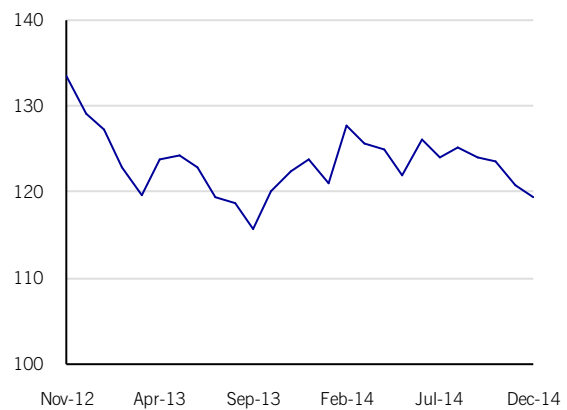
The MNI India Consumer Indicator fell by 1.3 points to 119.6 in December from 120.9 in November, the lowest in 15 months and not that far off the September 2013 low. Sentiment had picked up ahead of the general election in 2014, but has dropped back significantly, cautioning against the acute level of optimism associated with Prime Minister Narendra Modi.

A clear distinction in the data can be seen between respondents' more upbeat views about the future and their far less optimistic take on their current circumstances. In the eyes of consumers, the Modi government's policies have yet to have any concrete impact on Indian households' overall confidence.

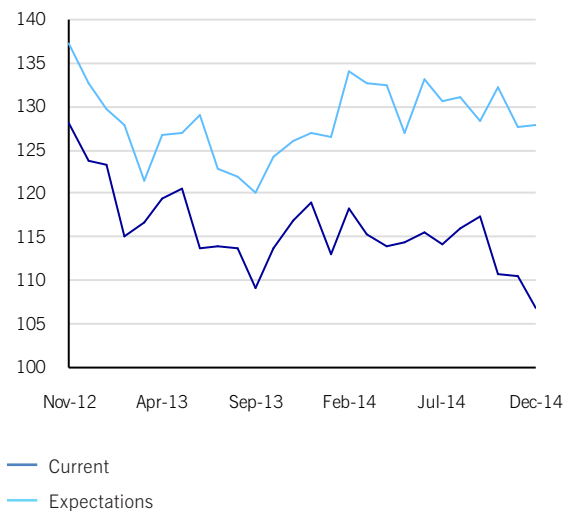
The Current Indicator, which measures consumers' assessment of their current conditions, declined to a series low of 106.9 in December from 110.7 in November. The forward looking Expectations Indicator, which is made up of three components, remained broadly stable at 128.0 compared with 127.7 in the previous month.

Only the Business Conditions in a Year Indicator improved this month, while the remaining components of the Consumer Indicator declined. The drop in sentiment was led by the Durable Buying Conditions Indicator with pessimists outnumbering optimists for

MNI India Consumer Indicator



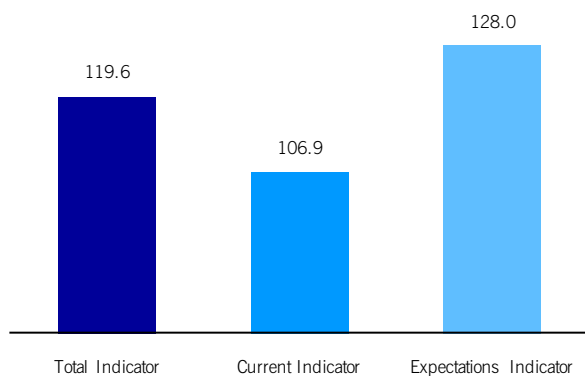
Consumer Indicators



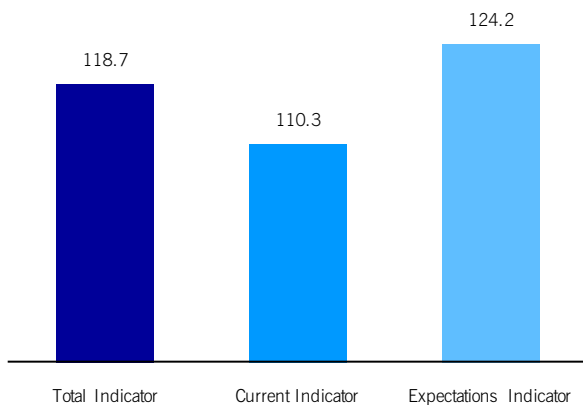
MNI India Consumer Indicator

	Dec-13	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14
MNI India Consumer Indicator	123.9	124.1	125.2	124.1	123.7	120.9	119.6
Current	119.0	114.2	116.2	117.5	111.0	110.7	106.9
Expectations	127.2	130.8	131.2	128.4	132.3	127.7	128.0

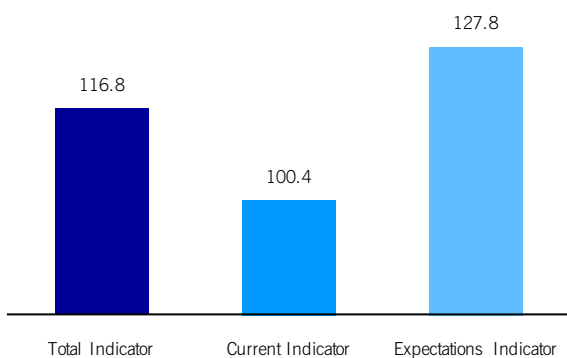
All India



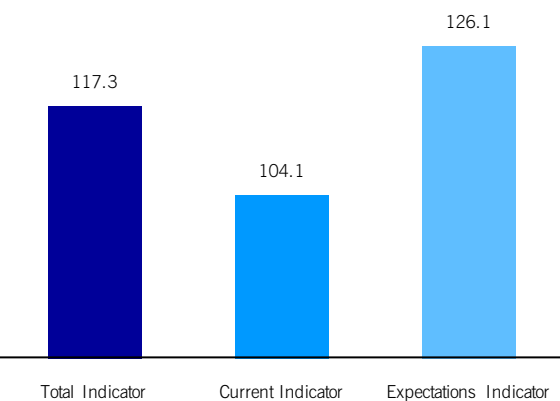
North India



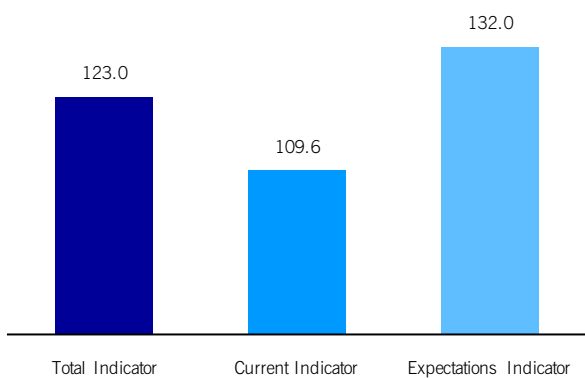
South India



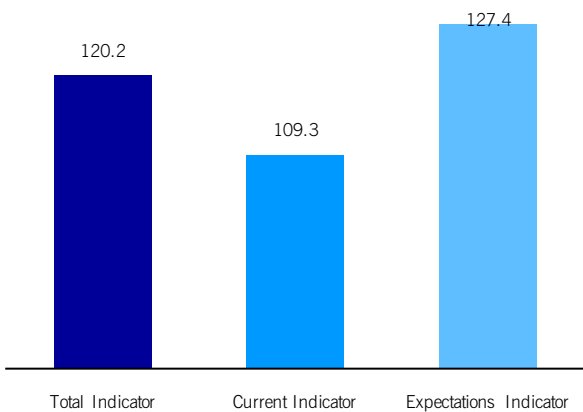
East India



West India



Central India





the first time in the survey's history following the conclusion of the festival season. The decline came in spite of increased satisfaction with the current level of prices which was seemingly outweighed by wider dissatisfaction with the current state of household finances.

Sentiment about Current Personal Finances fell to just a whisker above the record low seen in July 2013 when India was mired in a currency crisis. Expected Personal Finances also declined although remained far more buoyant.

Regions

Consumer sentiment fell across all regions except North India where it remained broadly stable.

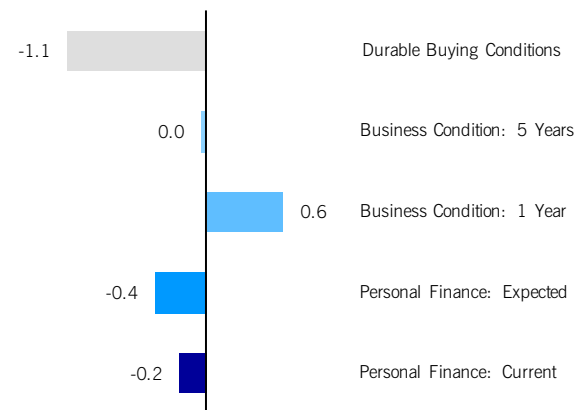
In South India, the Consumer Indicator fell to a record low of 116.8 in December from 121.0 in November and was the lowest of all the five regions surveyed. While respondents were more optimistic about Business Conditions in One Year and Current Personal Finances, the remaining three components of the headline indicator fell on the month. The decline in overall sentiment was led by a fall in consumers' willingness to buy big ticket items.

In North India, the Consumer Indicator stood at 118.7 compared with 118.0 in the previous month. A growing proportion of respondents were less optimistic about their Personal Finances, with both the current and future expectations components declining on the month. Respondents revised their outlook for future business conditions upwards and one third of respondents believed it was a good time to purchase large household items.

Age

Consumer sentiment declined across all age groups in December apart from the oldest group among which it improved marginally.

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





The Consumer Indicator for the 18-34 year age range, the youngest group, fell for the third consecutive month to 121.8 in December from 123.0 in November. Both the Durable Buying Conditions and Current Personal Finances components declined to series lows in December. In contrast, respondents were more optimistic about Business Conditions in both the short and long-term.

Consumer sentiment among 35-54 year olds fell by 1.9% to 119.3 from 121.6 in November, with the decline in sentiment observed across all five components of the Consumer Indicator apart from Business Conditions in a Year which rose slightly. Consumers became pessimistic about making big ticket purchases, with the indicator sliding below the 100 level to a record low in December. A growing proportion of respondents were less satisfied with both their current and expected Personal Finances.

For the oldest age range, 55-64 year olds, sentiment rose to 116.8 in December from 115.5 in November. The most significant rise this month was in short-term business conditions although longer-term expectations fell slightly. Consumers considered it a bad time to purchase big ticket items with the Durable Buying Conditions Indicator remaining below the 100 threshold for the second consecutive month. There was also lower optimism surrounding future Personal Finances.

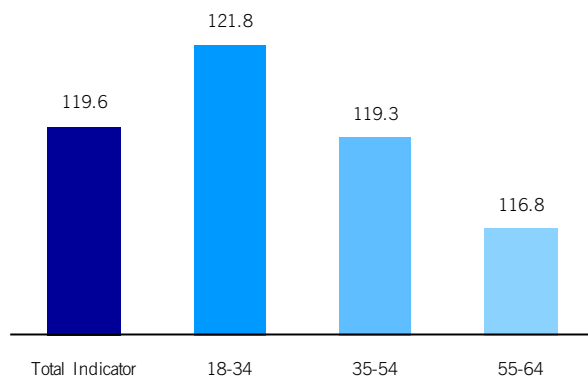
Income

Consumer confidence fell among both high and low income households in December.

Compared with the previous year, confidence was down by 6.4% among lower income households, while for higher income households it was down by 1.8%.

The Consumer Indicator for households with an average annual income under INR 432,000 fell slightly to 118.4 in December from 119.1 in the

Consumer Indicator: Age Groups



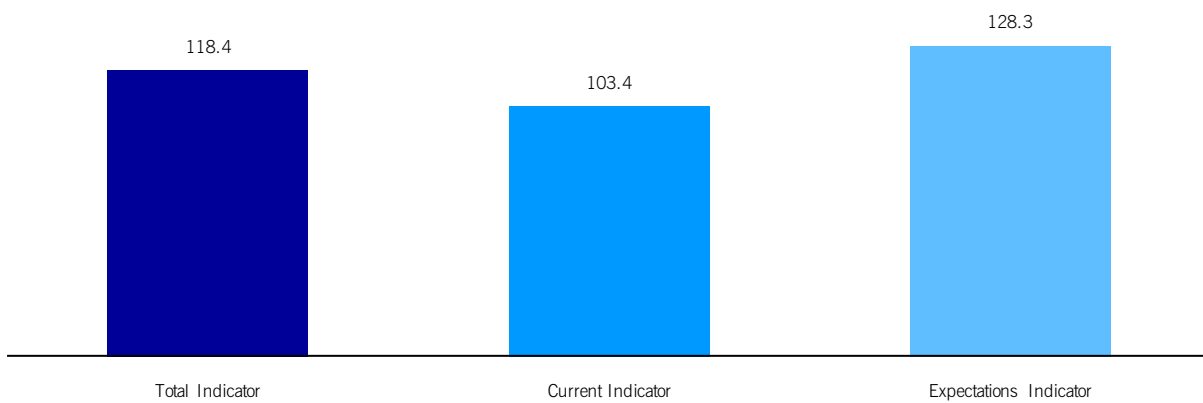
previous month. In spite of higher optimism surrounding their household finances, respondents became pessimistic about purchasing big ticket items with the Durable Buying Conditions Indicator falling below the 100 breakeven level to hit a series low. Respondents were, however, more optimistic about Business Conditions in a Year's time, while their expectations about long-term business conditions remained broadly stable.

For households with an average annual income over INR 432,000, the indicator fell more significantly to 128.6 from 132.9 in November. All five components of the Consumer Indicator fell on the month. Fewer consumers felt it was a good time to purchase household items amid lower confidence about both current and expected Personal Finances.

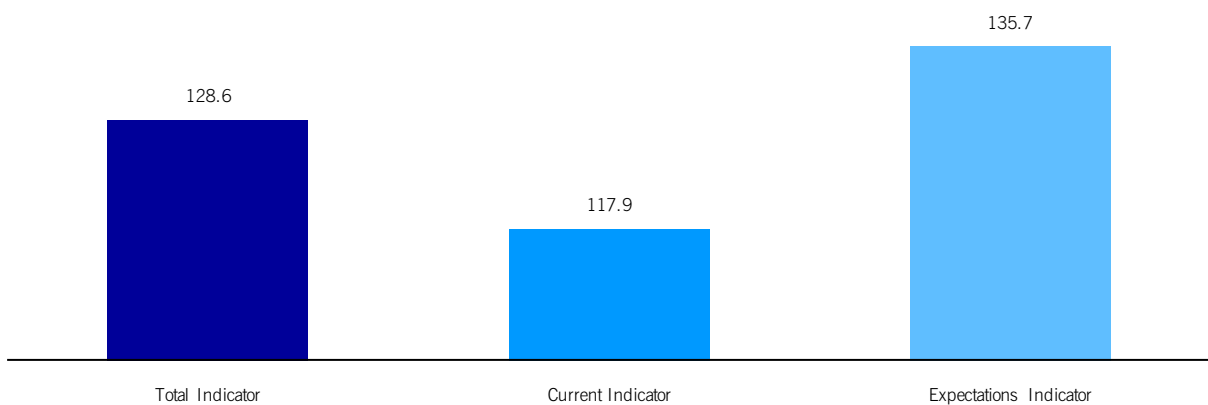
MNI India Consumer Indicator Income Groups



< INR 432,000 per annum



> INR 432,000 per annum



MNI India Consumer Indicator

Main Cities



The Consumer Indicator fell in six of the ten major Indian cities surveyed in December, with the largest drop in sentiment observed in Bengaluru where consumer confidence declined to the lowest level since January 2014.

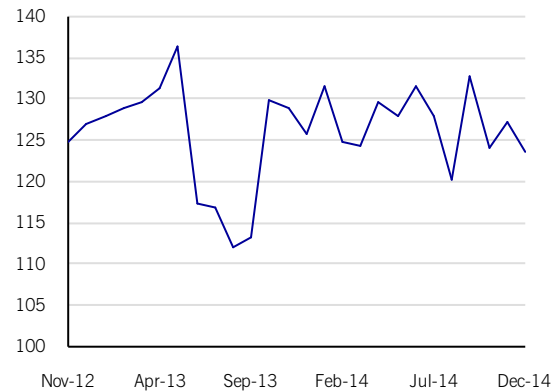
In the capital, Delhi, consumer sentiment rose to 118.8 from 115.8 in November, led by all five components of the Consumer Indicator apart from Current Personal Finances. Expectations for Business Conditions in a Year's time rose significantly while more consumers were bullish about long-term business conditions. In spite of lower confidence about Current Personal Finances, consumers were more inclined towards purchasing big ticket items compared with a month earlier.

In Mumbai, India's most populous city, consumer sentiment fell to 123.8 from 127.4 in November. There was a double digit fall in Durable Buying Conditions and a greater proportion of respondents became less satisfied with their Current Personal Finances, while respondents were mildly more optimistic about both short and long-term Business Conditions.

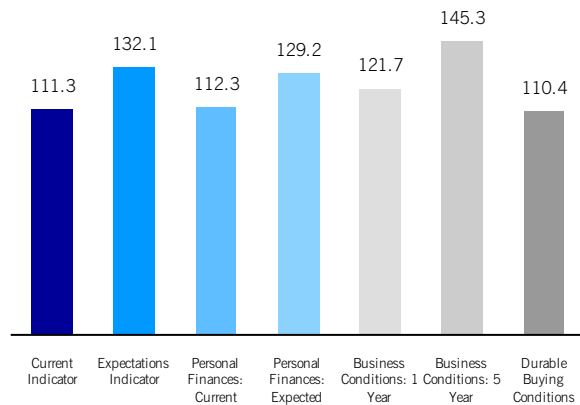
Consumer confidence in Bengaluru, the third largest city by population in India, fell for the fourth consecutive month to an 11-month low of 120.8 in December from 124.9 in November. In line with a successive decline in Current Personal Finances, respondents became even more pessimistic about purchasing big ticket items and were less bullish about future business conditions.

In contrast, consumer sentiment in Chennai rose by 10.8% to 119.0 in December from 107.4 in November. There were double digit gains in both Durable Buying Conditions and Business Conditions in One Year, offsetting the losses incurred in the previous month. Respondents were, however, less optimistic about their future Personal Finances and lowered their expectations for Business Conditions in Five Years.

Consumer Indicator - Mumbai

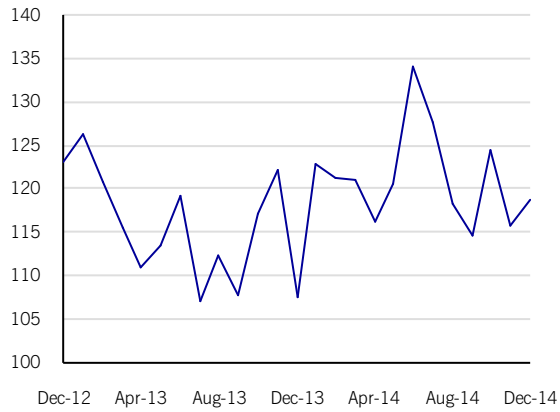


Consumer Indicator Components - Mumbai

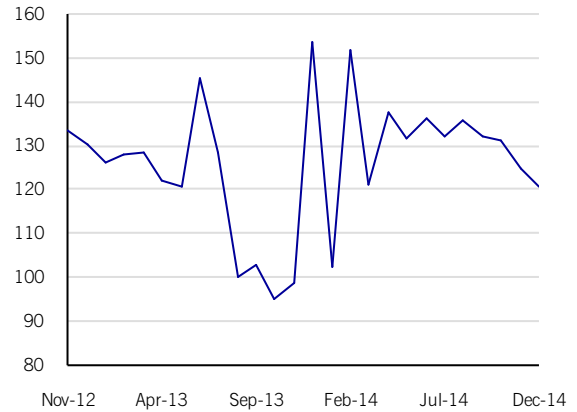




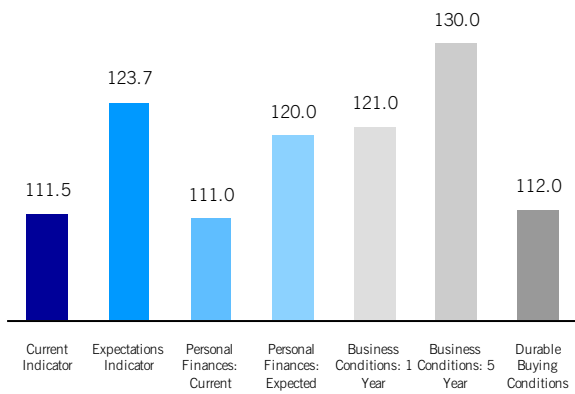
Consumer Indicator - Delhi



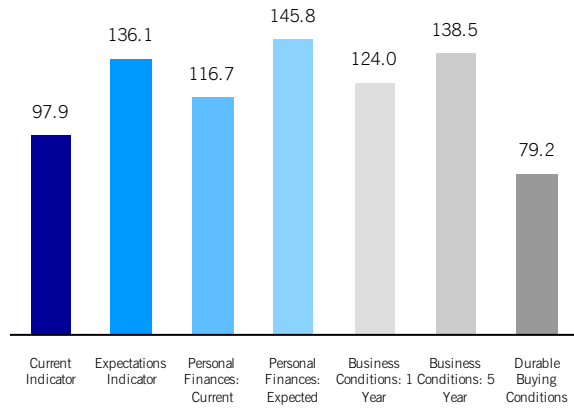
Consumer Indicator - Bengaluru



Consumer Indicator Components - Delhi



Consumer Indicator Components - Bengaluru



Personal Finances Deteriorate in December



In spite of the fall in inflation to a record low in November, household finances remained squeezed at the end of 2014.

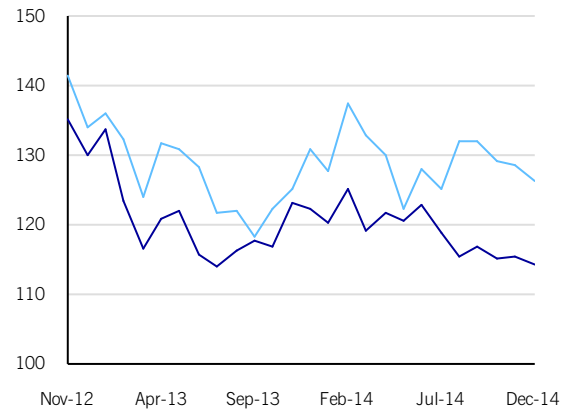
The Current Personal Finances Indicator, which measures whether a household is better or worse off financially than a year ago, declined to 114.4 in December from 115.6 in November. This was just a shade above the low of 114.2 seen in July 2013, underlining just how poorly consumers view their current circumstances.

Of those who reported that their financial conditions had worsened, the majority of respondents cited higher family expenses as the main reason.

In December, around 83.6% of consumers spent 70-100% of their monthly household income on daily expenses compared with just 71.6% consumers a year earlier, while 42.6% of respondents saved between 1-29% of their monthly household income, lower than last year's 68.3%.

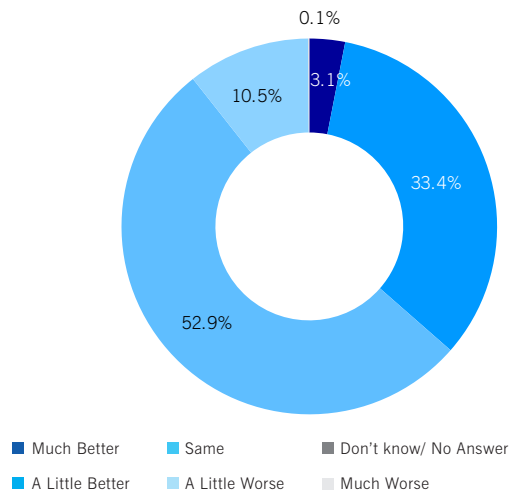
Though both current and future expectations of Personal Finances have trended downwards this year, the gap between them has gradually increased. Consumers have been more optimistic about their financial positions in the next 12 month compared with their current situation. The indicator for future Personal Finances stood at 126.3 compared with 128.7 in November.

Personal Finances



— Current
— Expectations

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



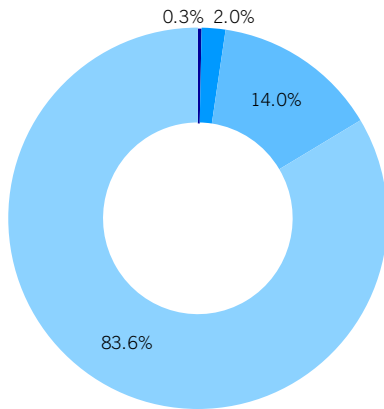
Personal Finances

	Dec-13	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14
Current	122.5	119.1	115.4	117.1	115.4	115.6	114.4
Expectations	131.0	125.2	132.1	132.2	129.2	128.7	126.3

How Households Spend their Money

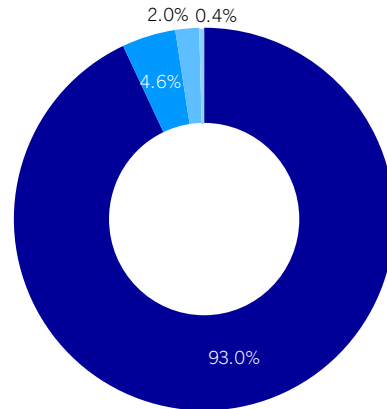


Monthly Household Income Used for Daily Expenses (% of Households)



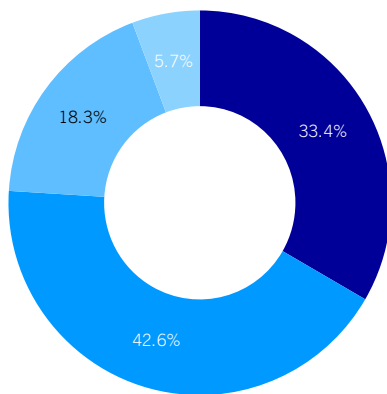
- 0% - 29% of Income
- 30% - 49% of Income
- 50% - 69% of Income
- 70% - 100% of Income

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



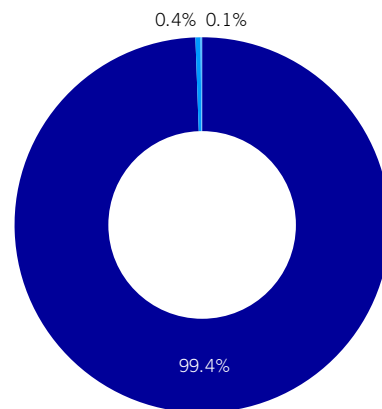
- 0% of Income
- 1% - 29% of Income
- 30% - 49% of Income
- 50% - 100% of Income

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

Around 49% of respondents thought Business Conditions in a Year's time would be better...

...the lowest proportion in seven months, while a growing proportion of respondents did not know or answer as they are probably still waiting for the new government's policies to take effect.

Business Conditions

Government Action Boosts Business Outlook



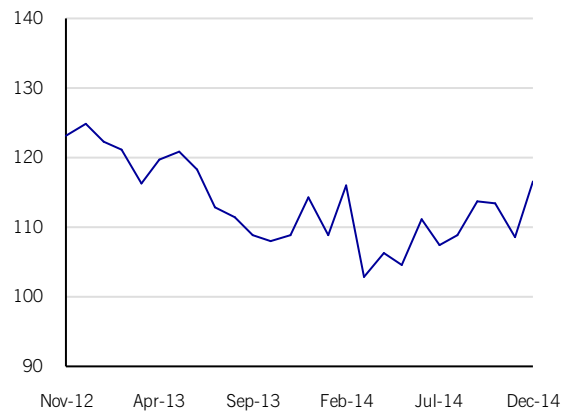
Consumers' confidence in the government's policies bolstered sentiment in both current and short-term business conditions in December.

The Current Business Conditions Indicator, which measures respondents' views on the state of the business environment compared with a year earlier, rose significantly to 116.6 from 108.6 in November, the highest since June 2013. Pro-business policy actions such as the tabling of a goods and services tax (GST) and a land acquisition bill in the Parliament will probably underpin sentiment further. The trend rise in business conditions is in stark contrast to the weakness seen in household finances.

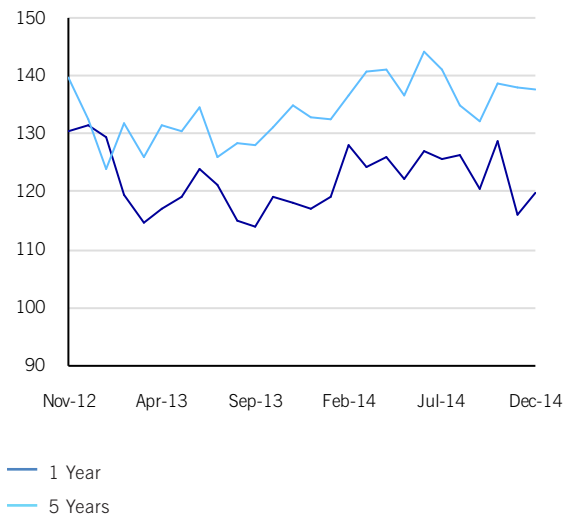
The Business Conditions in One Year component rose to 119.9 from 116.3 in November. Around 49% of respondents thought Business Conditions in a Year's time would be better, the lowest proportion in seven months, while a growing proportion of respondents did not know or answer as they are probably still waiting for the new government's policies to take effect. Of those who expected business conditions to improve, the majority cited the government and its policies as the main reason, while a growing proportion thought that better income and employment prospects would bolster the business environment.

Long-term business expectations hit a record high in June following the victory of the pro-business Bharatiya Janata Party (BJP), although subsequently they have trended downwards. The Business Conditions in Five Years component fell to 137.9 in December compared with 138.1 in the previous month.

Current Business Conditions Indicator



Expected Business Conditions: 1 Year and 5 Years



Business Conditions

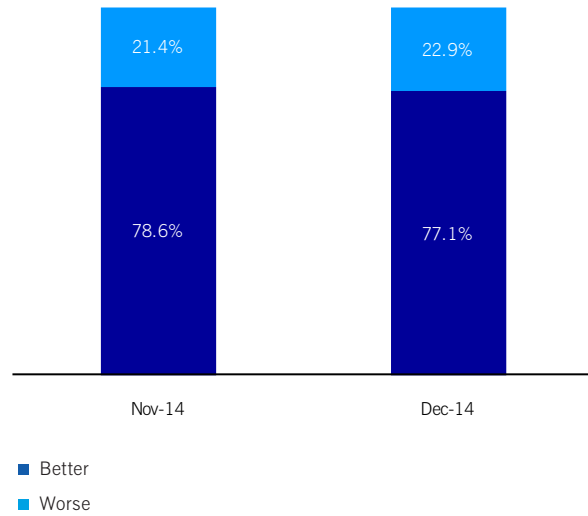
	Dec-13	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14
Current	114.5	107.7	109.0	113.9	113.5	108.6	116.6
In 1 Year	117.4	125.9	126.4	120.7	128.8	116.3	119.9
In 5 Years	133.1	141.3	135.1	132.5	138.8	138.1	137.9

Business Conditions in 1 Year Selected Reasons

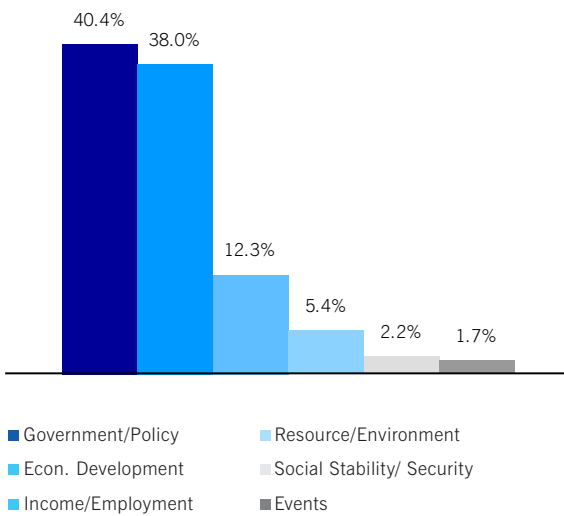


Among the major cities surveyed, Ahmadabad, an important business centre in the state of Gujarat, became the most optimistic about Business Conditions in Five Years, while a growing proportion of Hyderabad residents thought that Business Conditions would worsen in the long-term following the state's bifurcation.

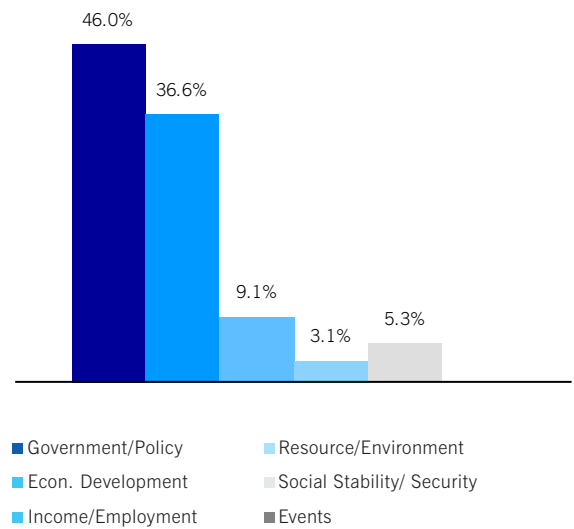
All India



All India, Reasons for Better



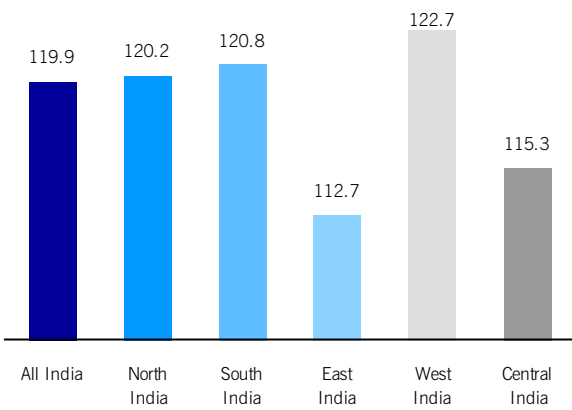
All India, Reasons for Worse



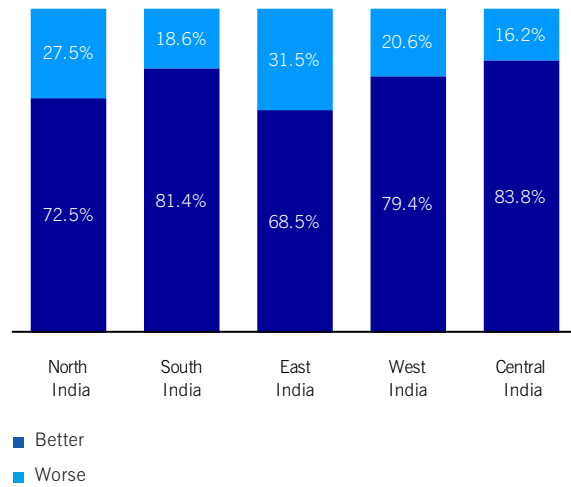
Business Conditions in 1 Year Regions



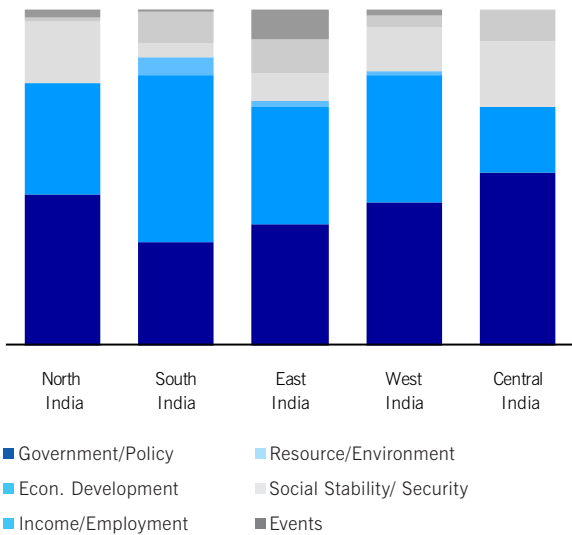
Business Expectations



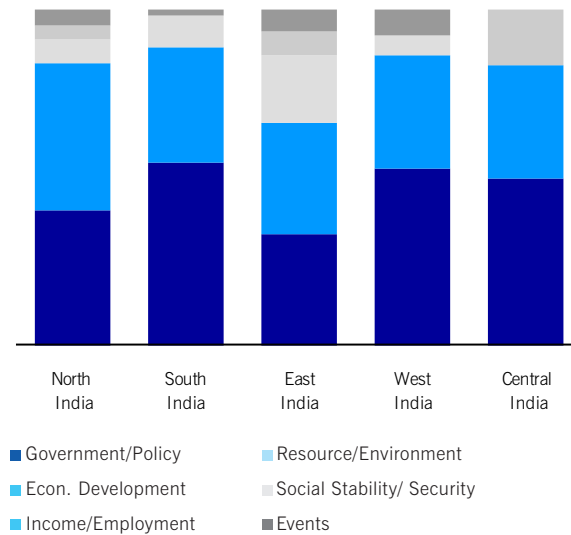
Business Expectations: Better or Worse? (% of Respondents)



Reasons for Better (% of Respondents)



Reasons for Worse (% of Respondents)



Durable Buying Conditions Series Low

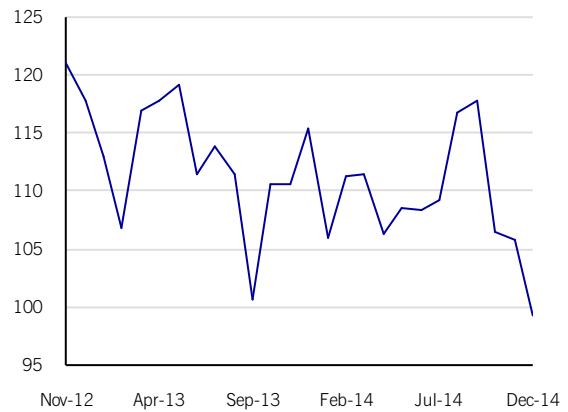


Fewer consumers expressed willingness to purchase large household goods in December, with the Durable Buying Conditions Indicator falling to the lowest level on record.

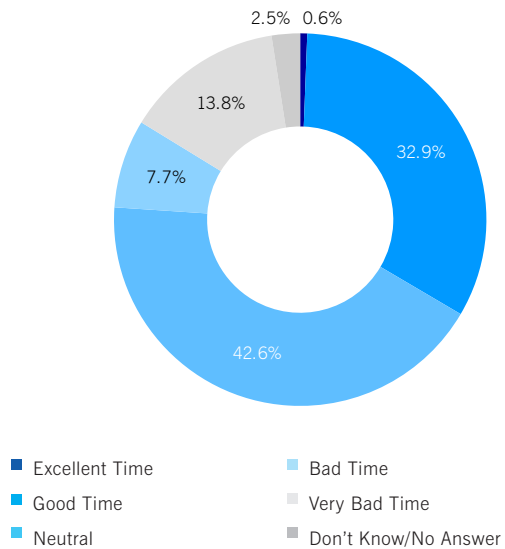
The Durable Buying Conditions Indicator declined to 99.4 from 105.8 in November, below the 100 threshold level that separates optimists from pessimists for the first time since the start of the survey in November 2012. The fall in sentiment comes off the back of a poor festival season during which consumers were less confident about spending on large household items in comparison with the previous year when the economic climate was even worse.

With the indicator below the 100 mark, consumers from Bengaluru, Kolkata and Surat thought that it was a bad time to buy a large household item. In contrast, respondents from Delhi, Ahmadabad, Chennai and Pune were more optimistic about buying a large household item, the latter the most confident of all the cities surveyed.

Durable Buying Conditions



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



Durable Buying Conditions

	Dec-13	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14
Durable Buying Conditions	115.5	109.3	116.9	118.0	106.5	105.8	99.4

Employment Outlook Highest Since June



Optimism surrounding the job market improved for the second consecutive month in December after hitting a record low in October.

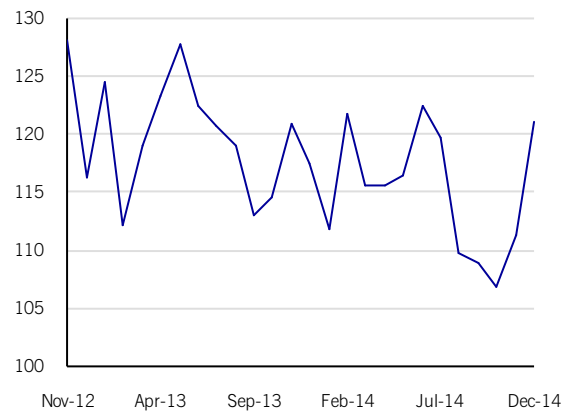
The Employment Outlook Indicator rose to 121.1 in December from 111.4 in November as around half of respondents thought that the employment market would improve over the next 12 months.

The sharp fall in the indicator since the election cautioned against the acute level of optimism associated with the new government and started raising questions about its ability to create jobs quickly. Sentiment has rebounded after hitting a record low in October, with respondents more convinced that the government's business friendly reforms will help to create jobs. The rise in December pushed the Employment Indicator above the series average of 117.8.

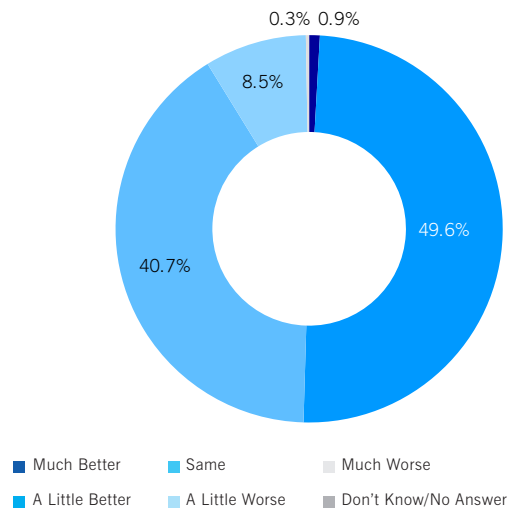
The trend of a weakening in the labour market in 2014 has also been seen in our sister business survey. The December edition showed that the Employment Indicator, a measure of whether companies have an adequate number of employees, was exactly at the 50 breakeven level after having trended downwards since April.

The improvement in the employment outlook was observed across all regions. The sharpest rise was recorded in Central India, where the Employment Outlook Indicator rose by 22.2% to the highest since August 2013.

Employment Outlook Indicator



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



Employment Outlook

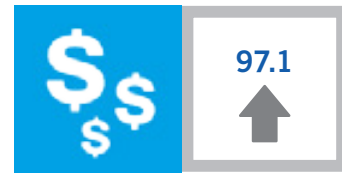
	Dec-13	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14
Employment Outlook	117.6	119.9	109.8	109.1	106.9	111.4	121.1

Expectations for
inflation in 12
months' time rose for
the first time in five
months...

...to 123.2 in December from 119.0 in November.

Prices Sentiment

Inflation Expectations Rise



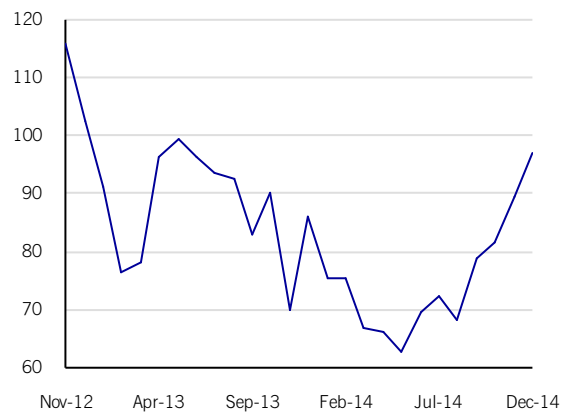
Consumers' dissatisfaction with the current level of prices declined although their inflation expectations rose for the first time in five months in December.

The Current Prices Satisfaction Indicator rose to 97.1 in December from 89.7 in November, the highest since May 2013. It was the fourth consecutive monthly increase and was above the average of 75.4 for the past 12 months.

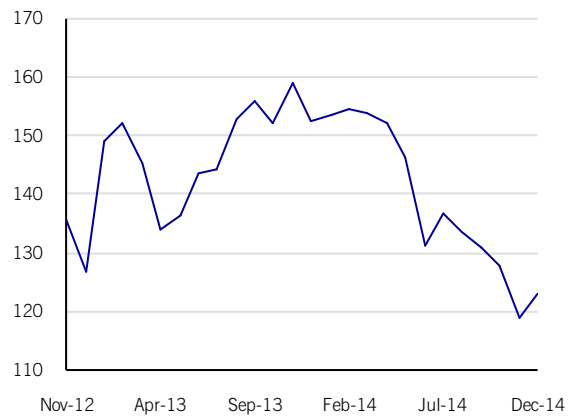
A figure below 100 indicates wider dissatisfaction with the current level of prices. The further below 100, the greater the dissatisfaction. The indicator had trended down since the start of the survey in November 2012 and has only been above 100 during the first two months of the survey. Since May 2014, however, sentiment has picked up in line with the fall in inflationary pressures. Price satisfaction averaged 89.5 in the three months to December, the highest since September 2013.

Official data showed that consumer price inflation fell to a record low of 4.4% in November compared with 5.5% in October, marking the sixth month it has been below the RBI's inflation target of 8% by January 2015 and the second time it has been below the January 2016 target of 6%. Favourable base effects and falling global oil prices are helping to ease pressure on prices. Food price inflation, which makes up almost half of the basket, eased to 3.1% from 5.6% in the previous month.

Satisfaction with Current Prices Indicator



Inflation Expectations Indicator



Prices Sentiment

	Dec-13	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14
Satisfaction with Current Prices	86.2	72.5	68.3	78.8	81.6	89.7	97.1
Inflation Expectations	152.6	137.0	133.7	131.1	127.9	119.0	123.2

Prices Sentiment Regions



Expectations for inflation in 12 months' time rose for the first time in five months to 123.2 in December from 119.0 in November. The Inflation Expectations Indicator closely matches the trend in consumer price inflation and suggests that inflation, which has eased in the recent months, may well have troughed.

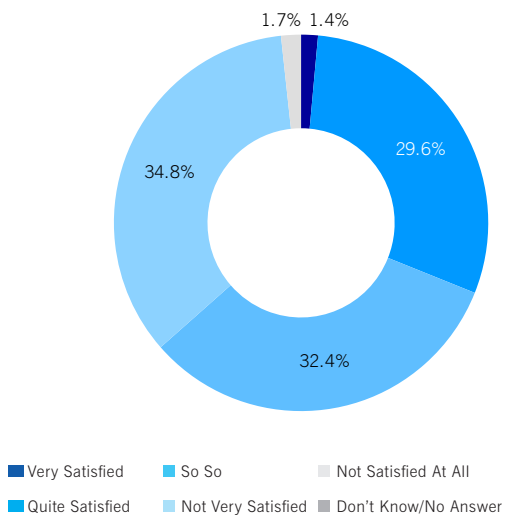
Of those who expected prices to rise, 13.7% of respondents thought that they would go up by 5%, while a substantial proportion was unsure or did not answer.

Regions

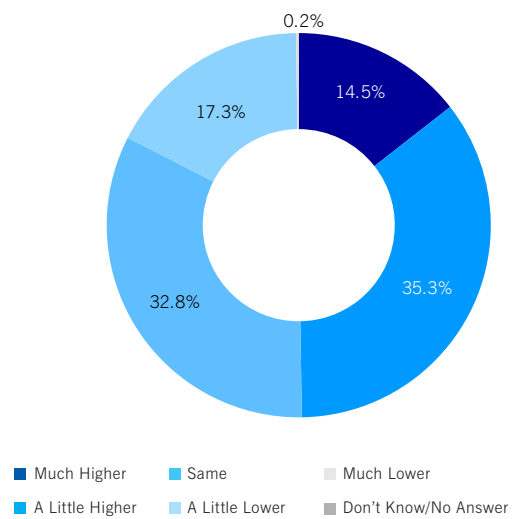
Satisfaction with Current Prices improved across all regions of India except North India. The largest improvement was observed in Central India, where sentiment jumped by 21.3 points to the highest since December 2013. In contrast, only 23% of respondents in North India were satisfied with the current level of prices in December.

Expectations for future prices rose in all regions apart from East and Central India. The indicator for East India fell for the fourth consecutive month to a record low while expectations in Central India fell to the lowest since September.

Satisfaction with Current Prices
(% of Households)

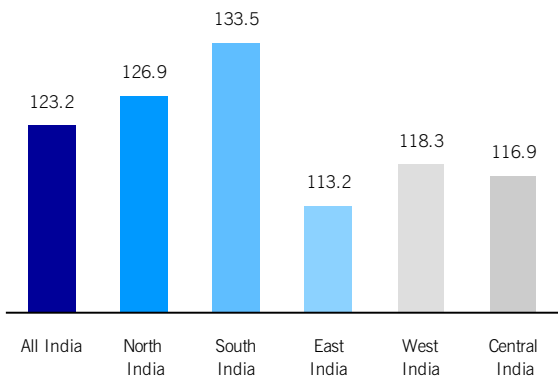


Inflation Expectations in 12 Months
(% of Households)

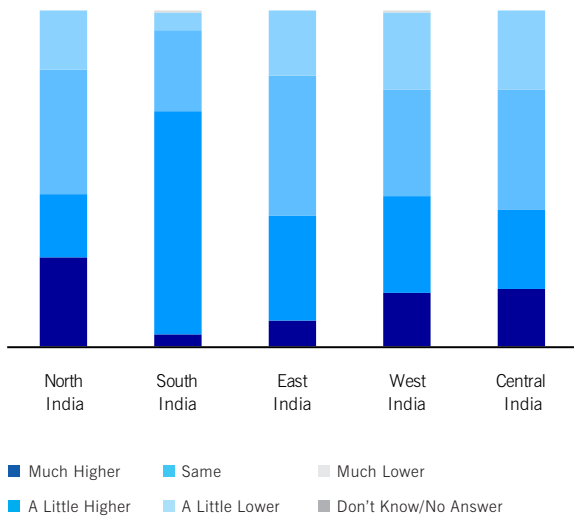




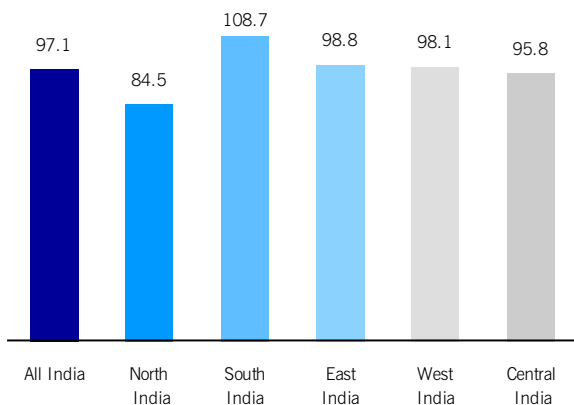
Inflation Expectations Indicator



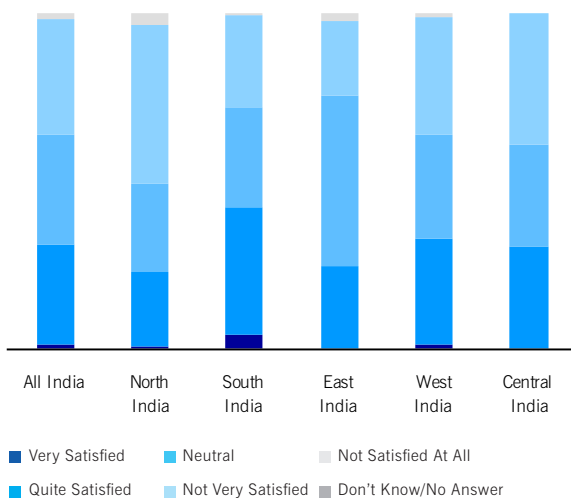
Inflation Expectations in 12 Months (% of Households)



Satisfaction with Current Prices Indicator



Satisfaction with Current Prices (% of Households)



Interest Rate Expectations Highest Since July



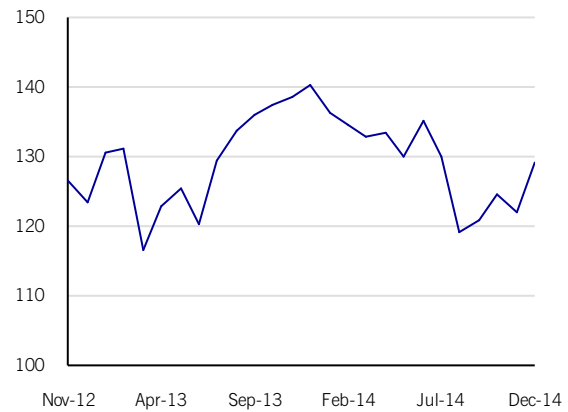
The Interest Rates Expectations Indicator rose to 129.4 in December from 122.0 in November, the highest since July.

This was in spite of the RBI Governor strongly hinting that policy would be eased early 2015 if the current disinflationary momentum continues and encouraging fiscal developments materialise. At its monetary policy meeting on December 2, the RBI left the key interest rate unchanged at 8%.

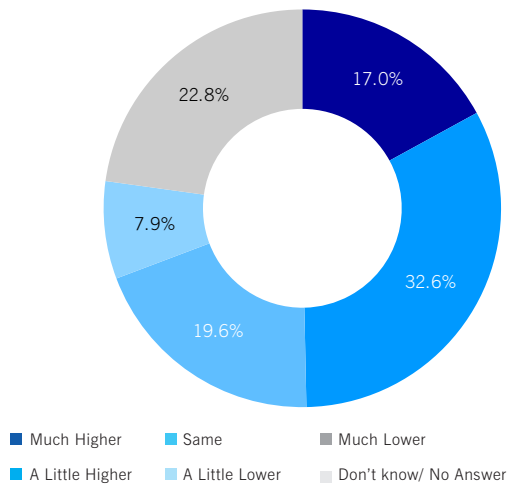
The indicator for December was slightly above the average of 129.1 for the past 12 months and was precisely equal to the series average.

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. However, the key policy repo rate has remained at 8% since January 2014.

Interest Rate Expectations Indicator



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



Interest Rate Expectations

	Dec-13	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14
Interest Rate Expectations	140.4	130.2	119.4	121.0	124.6	122.0	129.4

The Stock Investment Indicator rose to the highest level in three months...

...as respondents enjoyed higher profits from their investments at the end of the year and were more optimistic about stock performance in 2015.

Stock Investment Indicator Highest in Three Months



The Stock Investment Indicator rose to the highest level in three months as respondents enjoyed higher profits from their investments at the end of the year and were more optimistic about stock performance in 2015.

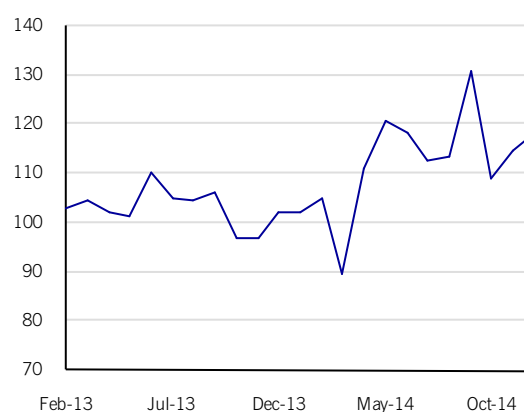
The Stock Investment Indicator, a gauge of whether it is a good or bad time to invest in the stock market that is made up of three components, rose to 118.5 in December from 114.8 in November and was considerably above the series average of 107.8.

Stock Price Sentiment, which measures whether equity prices are high or low, jumped to a series high of 145.5 from 131.8 in November. With Indian stock markets rallying, 91% of respondents thought that stock prices were expensive, the highest proportion since the start of the survey in November 2012.

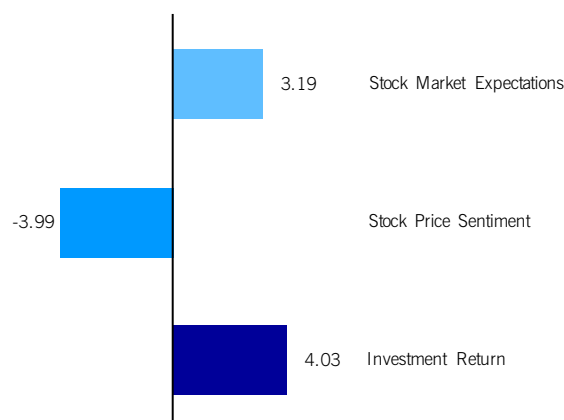
The Stock Market Expectations component, which shows whether consumers think stock prices will rise or fall in the next three months, rose to 142.8 from 131.8 in November. In December, 78.3% of respondents were bullish about the stock market over the next three months.

The Stock Investment Return component, a measure of the amount of profit or loss in investments in the last year, rose to 158.2 from 144.3 in the previous month. The majority of respondents made a profit on their investments as Indian stock markets have risen to record levels in 2014 after the pro-business Bharatiya Janata Party won an absolute majority in the general elections.

Stock Investment Indicator



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



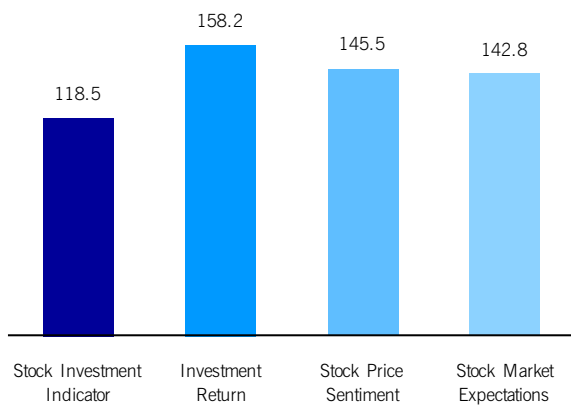
Investment Sentiment

	Dec-13	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14
Investment Sentiment Indicator	102.3	112.9	113.5	130.8	108.9	114.8	118.5
Investment Return	100.5	131.1	126.5	162.4	109.1	144.3	158.2
Stock Price Sentiment	105.8	125.6	106.0	122.2	111.8	131.8	145.5
Stock Market Expectations	112.1	133.2	120.1	152.2	129.2	131.8	142.8

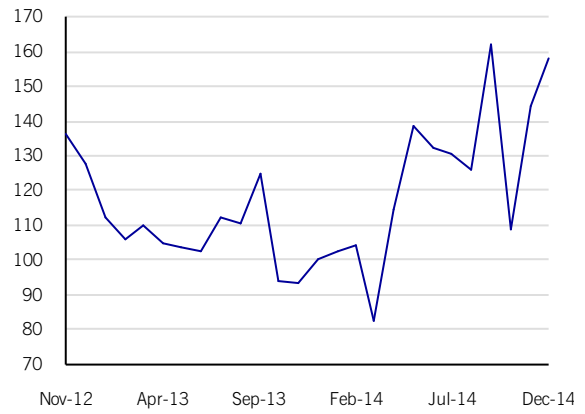
Stock Investment Indicator Components



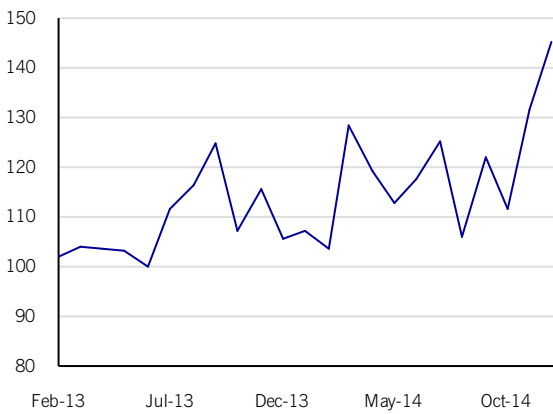
Stock Investment Indicator - Components



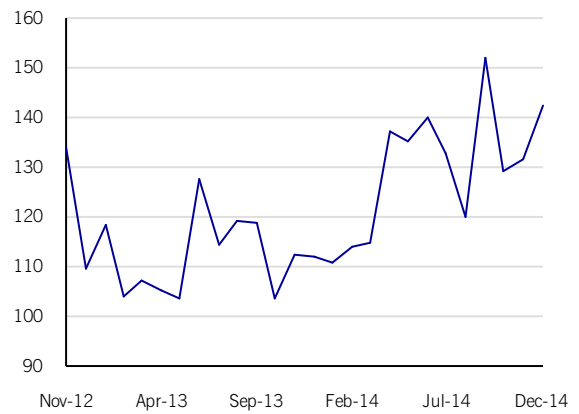
Investment Return



Stock Price Sentiment



Stock Market Expectations



Around three quarters of respondents expected house prices to rise in the next six months...

...pushing the House Price Expectations component to 154.2 in December from 144.0 in November, the highest on record

Real Estate Investment Indicator Flat in December



The Real Estate Investment Indicator, which has swung downwards since the start of the year, held steady in December.

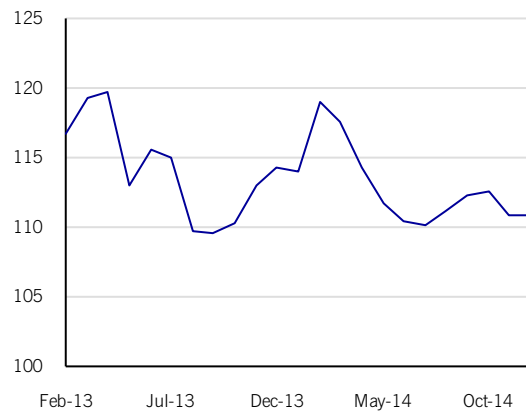
The Real Estate Investment Indicator, which is made up of three components (House Price Expectations, House Buying Sentiment and House Selling Sentiment), remained unchanged at 111.0 in December compared with November and was below the series average of 113.7.

The House Price Expectations component rose to 154.2 in December from 144.0 in November, the highest on record. Around three quarters of respondents expected house prices to rise in the next six months while a declining proportion expected them to remain the same.

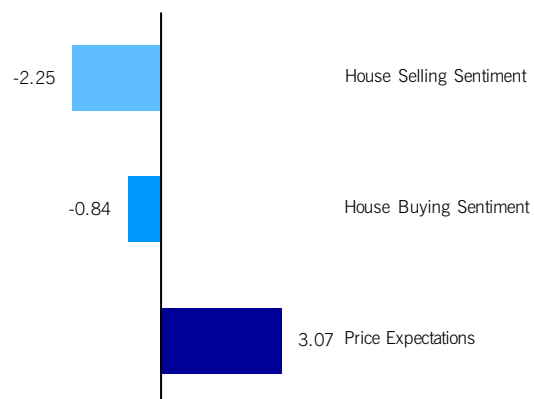
Consumer sentiment surrounding purchasing a house has fallen significantly since the start of the survey, mainly due to high interest rates which have increased mortgage costs. House Buying Sentiment, a measure of whether it is a good or bad time to buy a home in the next six months, fell to a new low of 89.3 in December from 92.1 in the previous month.

House Selling Sentiment, a measure of whether it is a good or bad time to sell a house in the next six months, rose to 110.7 in December from 103.2 in November, the highest in four months.

Real Estate Investment Indicator



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



Real Estate Investment Sentiment

	Dec-13	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14
Real Estate Investment Sentiment	114.4	110.3	111.3	112.5	112.6	111.0	111.0
Price Expectations	143.8	144.9	148.7	146.4	149.6	144.0	154.2
House Buying	104.8	99.7	97.4	96.2	98.4	92.1	89.3
House Selling	105.4	113.7	112.2	105.2	110.0	103.2	110.7

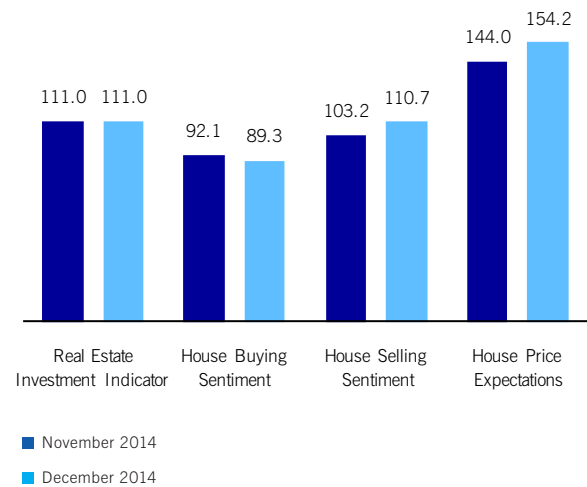
Real Estate Investment Indicator Components and Balances



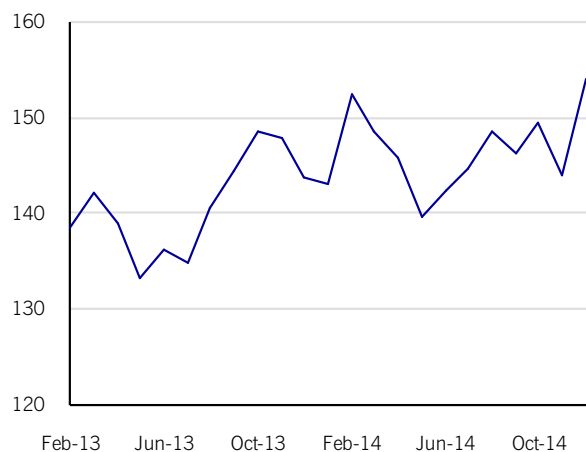
Regions

The Real Estate Investment Indicator rose in North, West and Central India as House Price Expectations rose sharply. In Central India, sentiment rebounded from a record low as a growing proportion of respondents became optimistic about purchasing a house, even though pessimists still outnumbered optimists, with the House Buying Sentiment remaining below the 100 mark. In contrast, the Real Estate Investment Indicator declined in South India as respondents became increasingly pessimistic about purchasing a house.

Real Estate Investment Indicator - Components

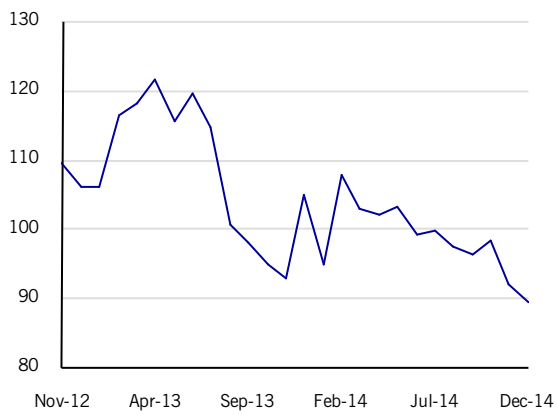


Real Estate Prices: Expected Changes in Next 6 Months

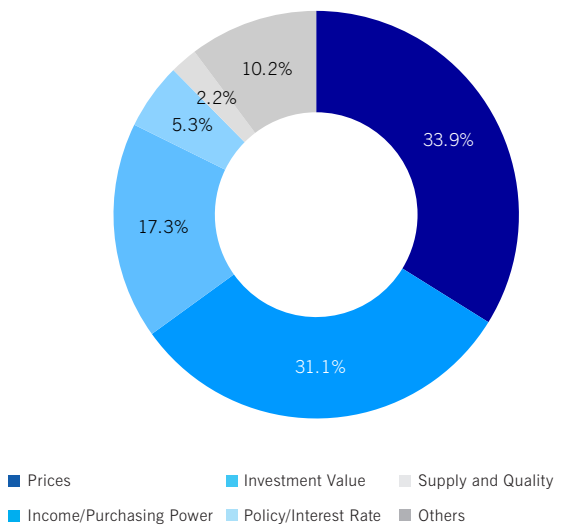




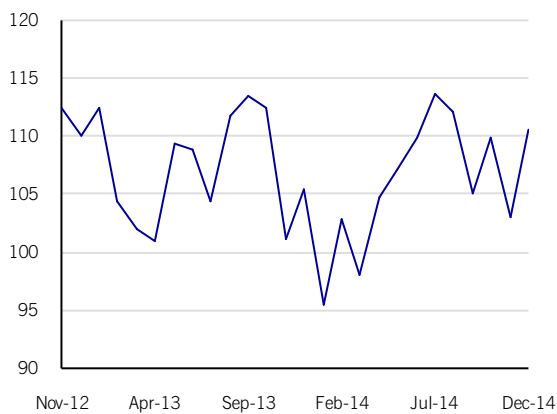
House Buying Sentiment



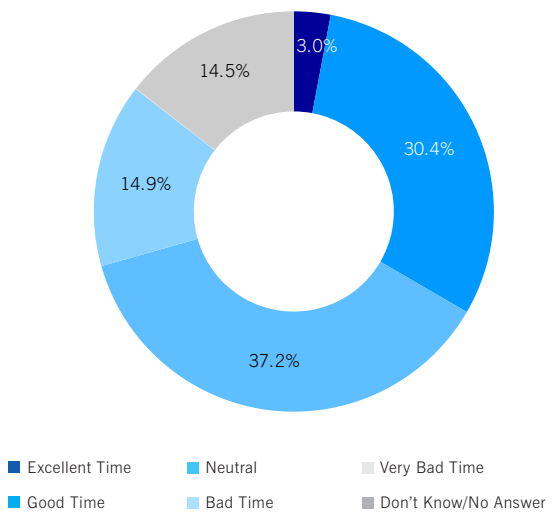
Reasons for Buying Houses (% of Households)



House Selling Sentiment

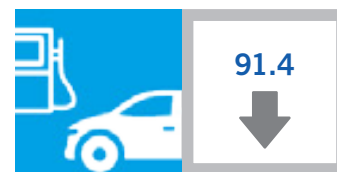


Timing for Selling Houses (% of Households)



Car Purchase Indicator

Car Purchase Expectations at a Record Low



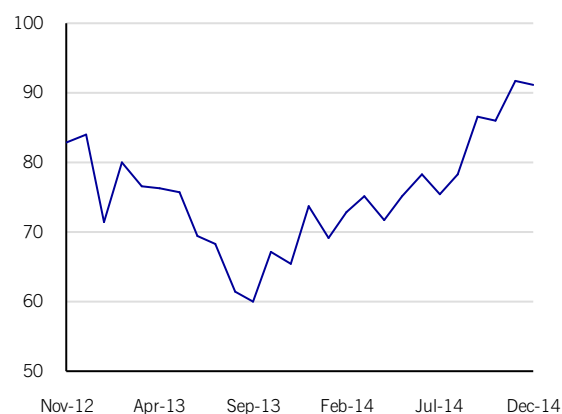
The Car Purchase Indicator remained broadly stable at 91.4 in December after rising to a series high of 91.7 in November as a fall in the willingness to purchase a car outweighed lower gas price expectations.

The Car Purchase Indicator is made up of two components, Car Purchase Expectations and Price of Gasoline Expectations, with 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, fell to a record low of 79.7 from 89.8 in November.

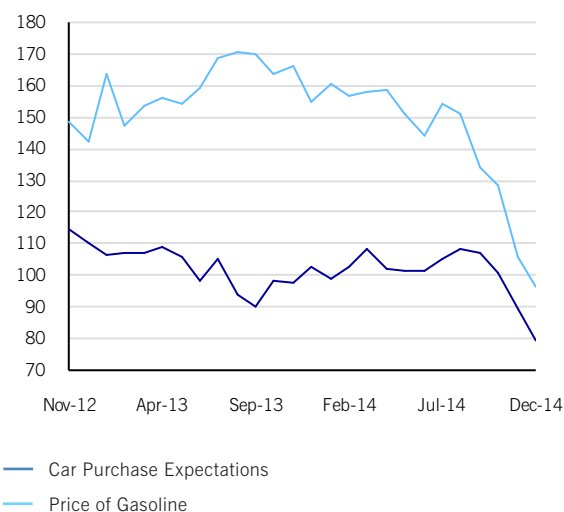
Since February, when tax cuts on vehicles were first announced, our survey has shown that car buying optimists have outnumbered pessimists. This trend, though, reversed in November with the indicator falling below the 100 mark. Among consumers who felt it was a bad time to purchase a car, the majority cited prices as the main reason while a growing proportion attributed their disinclination to buy a car to low investment value.

Official car sales in India expanded for the first time in three months in November, rising by 9.5% on the year following a fall of 2.6% in October. In the April-November period, car sales grew by 3.8% to 1.2 million units compared with the same period a year ago. The government has decided not to extend excise tax concessions on the auto sector which would have made cars more expensive from January 1, to further undermine car buying sentiment.

Car Purchase Indicator



Car Purchase Indicator - Components



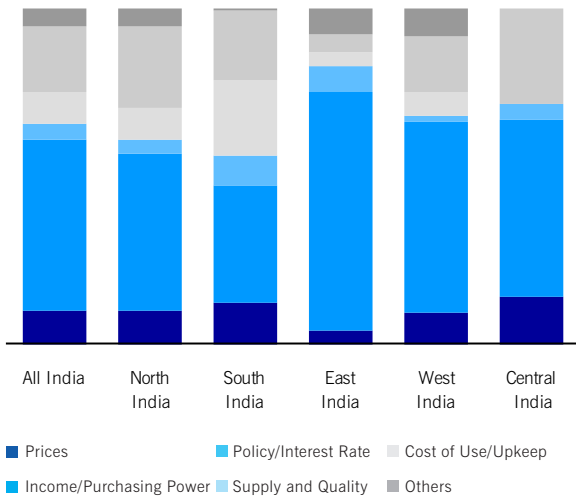
Car Purchase Sentiment

	Dec-13	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14
Car Purchase Sentiment	73.8	75.6	78.5	86.6	86.1	91.7	91.4
Car Purchase Expectations	103.0	105.4	108.5	107.6	100.8	89.8	79.7
Price of Gasoline	155.4	154.2	151.4	134.4	128.5	106.3	96.9

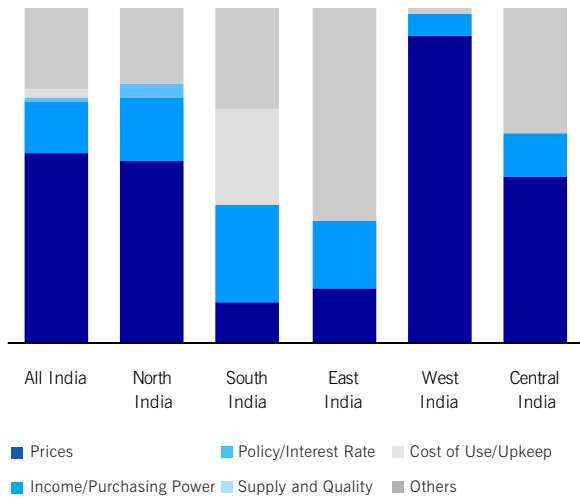
Car Purchase Indicator Regions



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



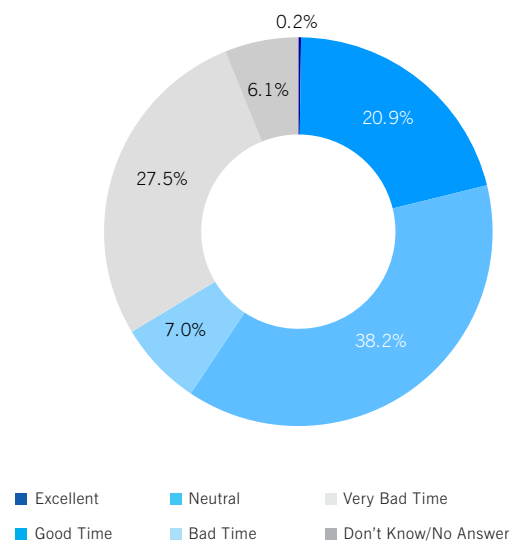
Reasons for a Bad Time to Buy a Car (% of Households)



With the global fall in oil prices and a subsequent deregulation of fuel prices, Expectations for the Price of Gasoline fell to a new record low below the 100 breakeven level for the first time since the start of the survey to 96.9 in December from 106.3 in November.

Only about 22% of consumers thought that the price of gasoline would rise, the lowest proportion since the series began, while those who thought prices would go down has increased significantly in the previous four months. Almost a fifth of respondents did not know or answer this month, the highest proportion since the start of the survey in November 2012, probably due to volatility in oil prices.

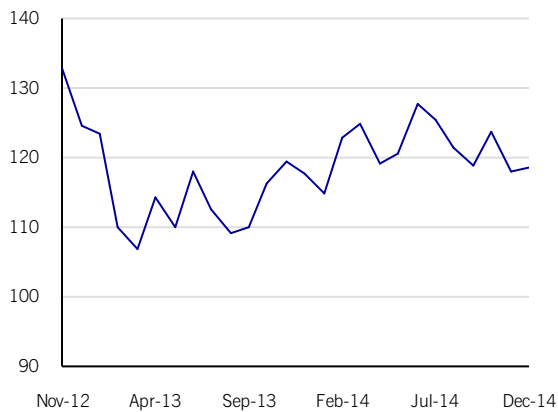
Is it a Good Time to Buy a Car? (% of Households)



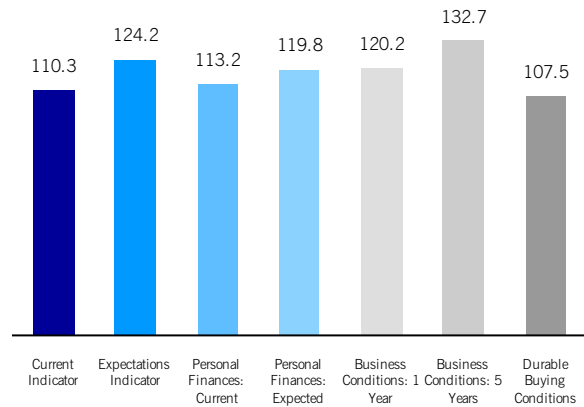
MNI India Consumer Indicator Regions



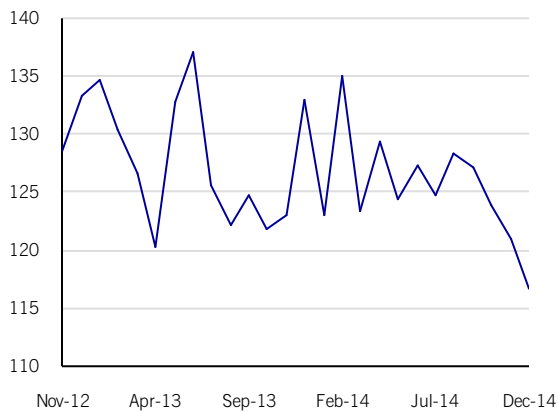
Consumer Indicator: North India



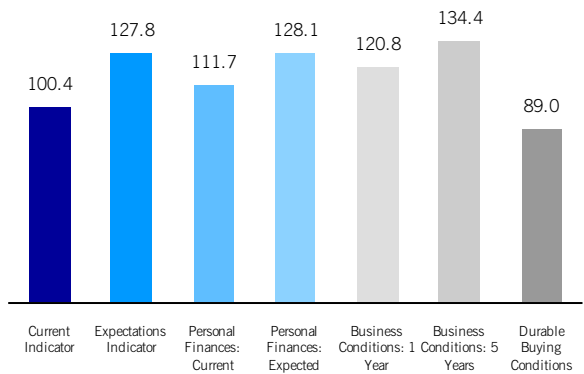
Consumer Indicator Components: North India



Consumer Indicator: South India

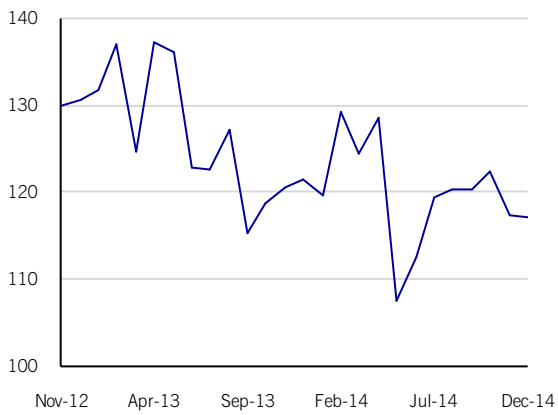


Consumer Indicator Components: South India

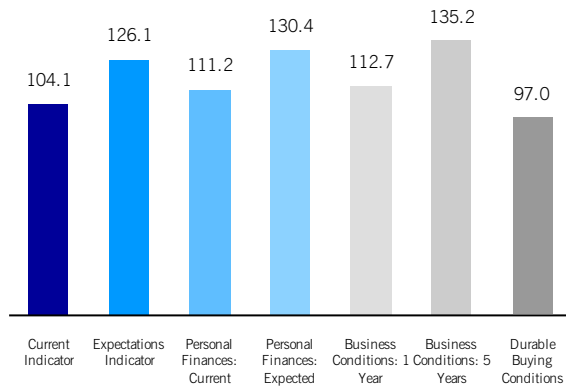




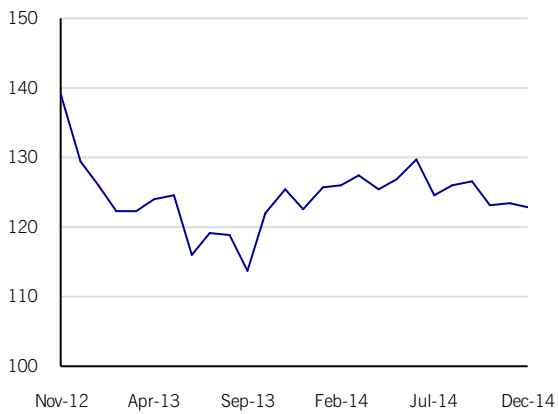
Consumer Indicator: East India



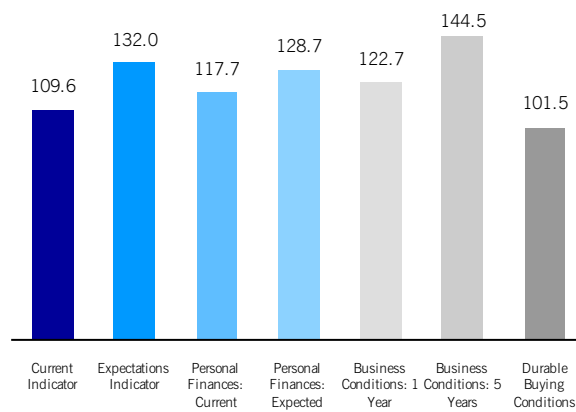
Consumer Indicator Components: East India



Consumer Indicator: West India

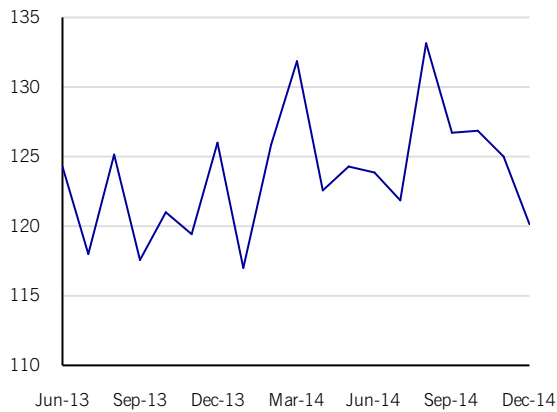


Consumer Indicator Components: West India

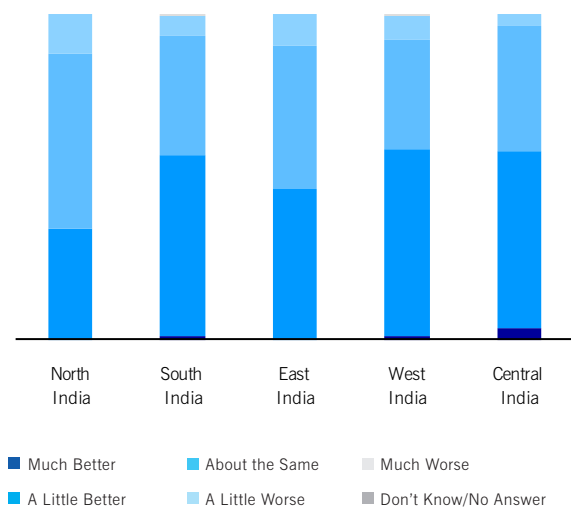




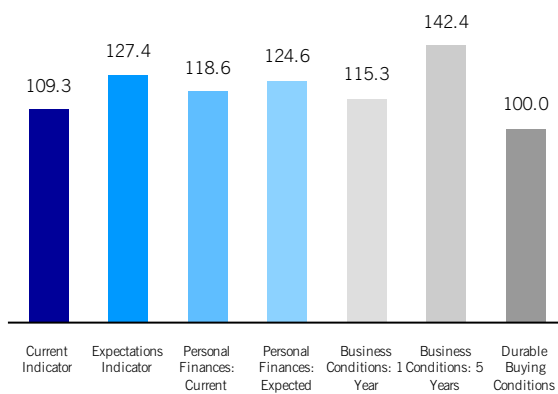
Consumer Indicator: Central India



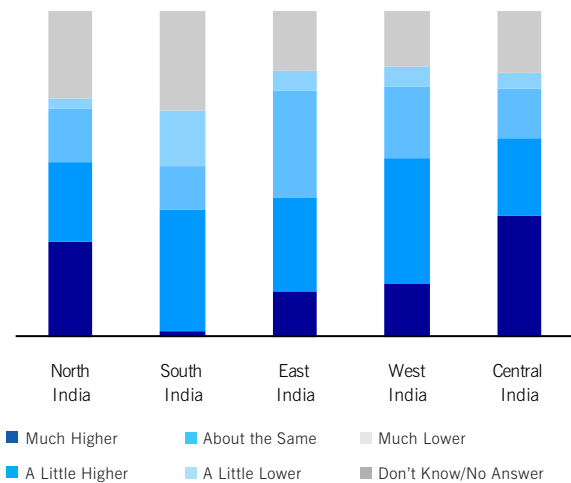
Employment Outlook for the Next 12 Months (% of Households)



Consumer Indicator Components: Central India

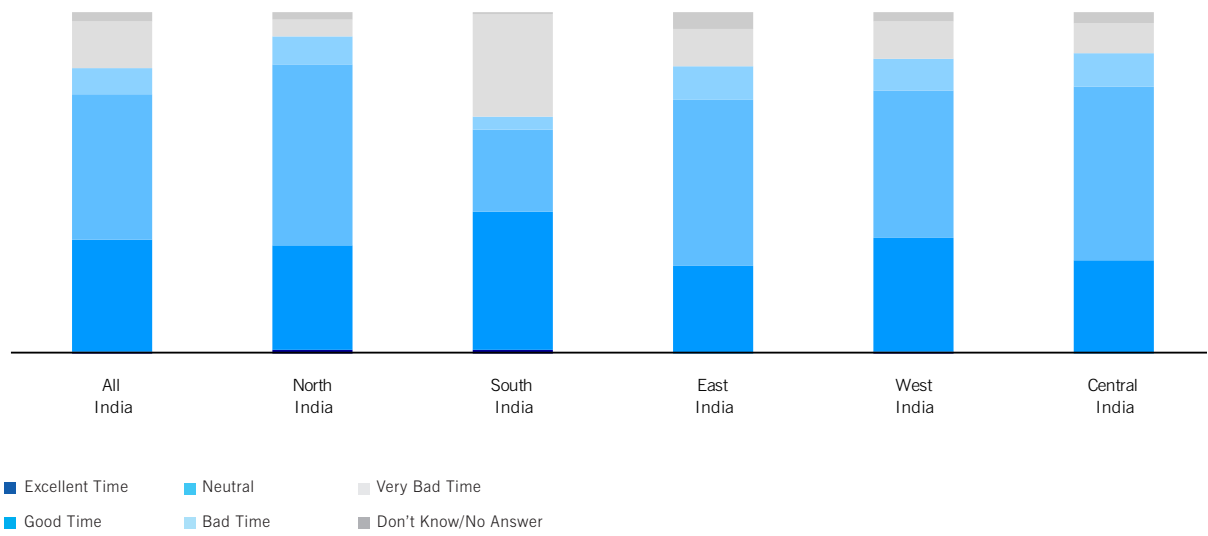


Interest Rate Expectations on House and Car Loans Indicator (% of Households)

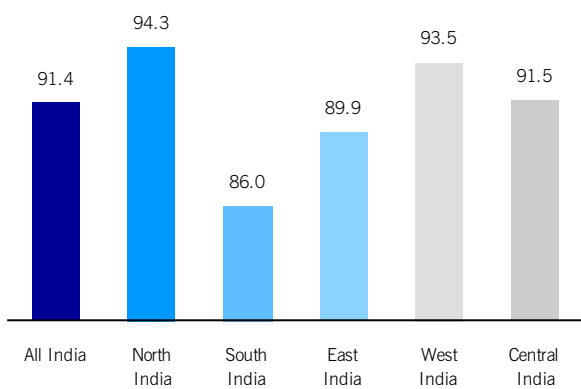




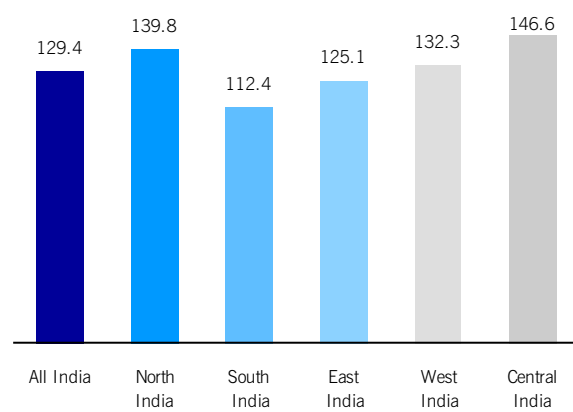
Is it a Good/Bad Time to Buy Large Household Goods? (% of Households)



Car Purchase Indicator - Regions



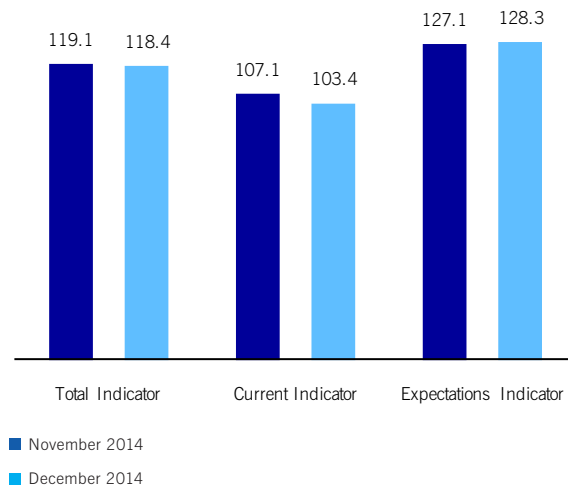
Interest Rates Expectations (% of Households)



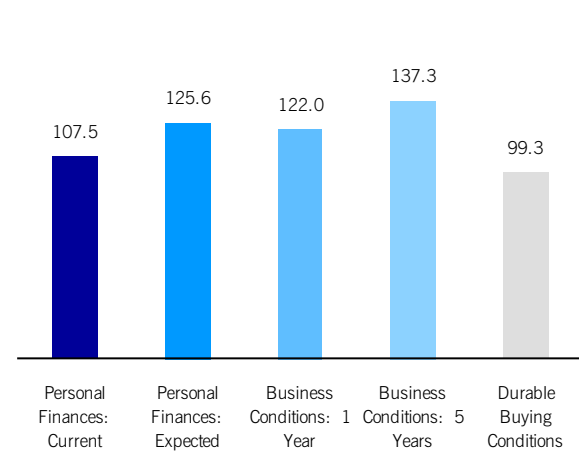
MNI India Consumer Indicator Income Groups



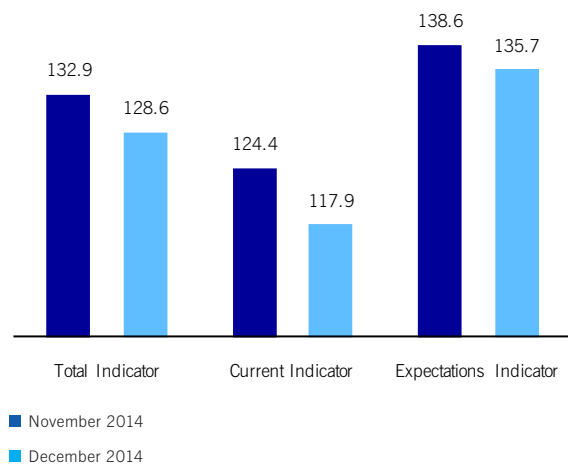
< INR 432,000 per annum



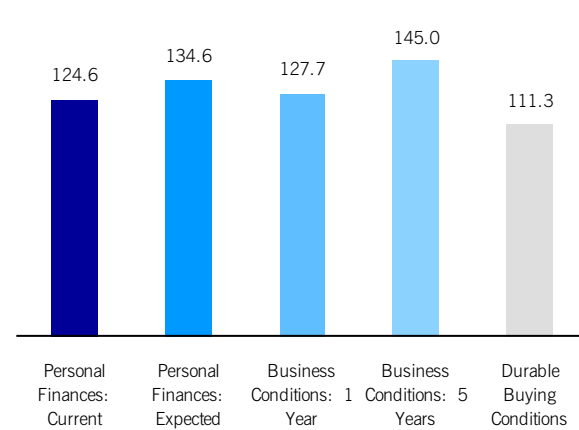
< INR 432,000 - Components



> INR 432,000 per annum



> INR 432,000 - Components



Consumer confidence fell among both high and low income households in December.

Compared with the previous year, confidence was down by 6.4% among lower income households, while for higher income households it was down by 1.8%.



What the Panel Said



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

“There is a variety of cars in market.”

“Both income and expenses are increasing in the same ratio.”

“Online shopping sites are really good.”

“Loans are easily available.”

“Business development in Uttar Pradesh is very slow.”

“Second hand cars are a good choice.”

“More offers are coming on online portals these days.”

“Fuel prices have come down so we are saving more.”

“Cheaper cars are available.”

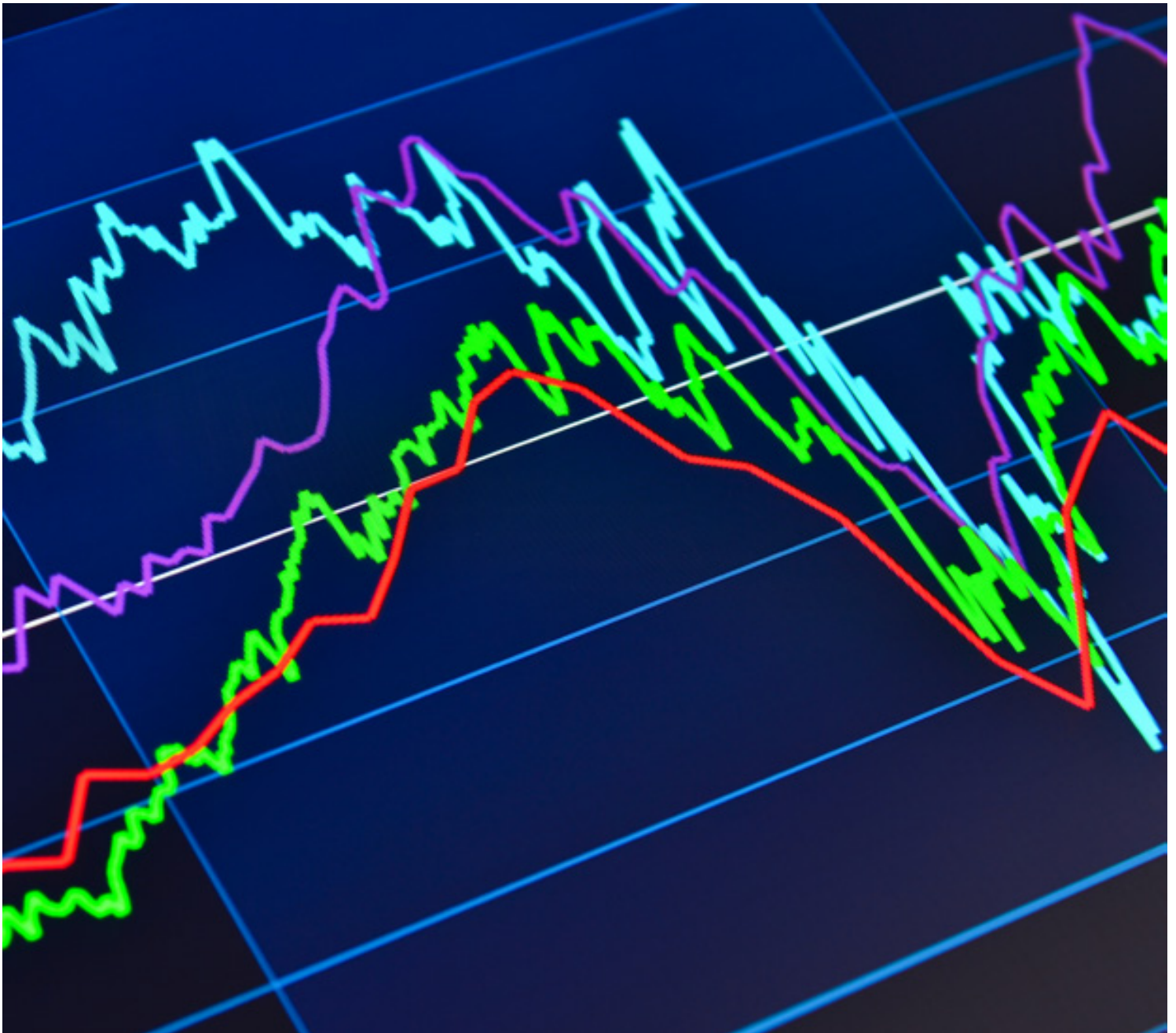
“We have to pay high prices for good quality products.”

“Commercial properties are developing in this area.”

“Shopping malls are offering discounts.”

“Low budget cars are available.”

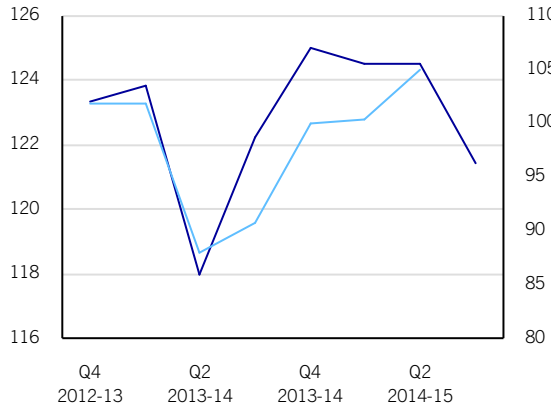
“New schemes for purchasing flats are available.”



Correlation Charts

Our indicators closely track official Indian economic data.

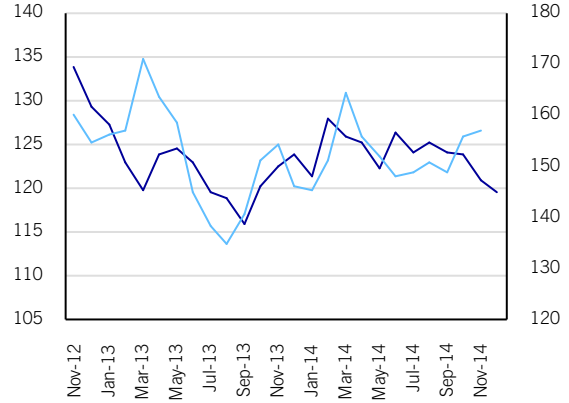
Consumer Sentiment



— MNI Consumer Sentiment, fiscal year
 — Consumer Confidence: Current Situation Index (RHS)*, fiscal year

Source: *Reserve Bank of India

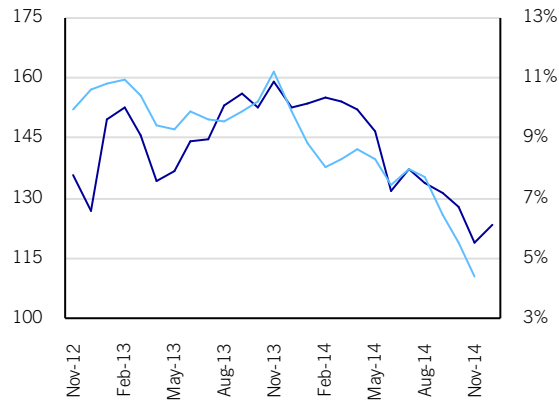
Car Sales



— MNI Consumer Sentiment
 — Domestic Passenger Car Sales - 3MA ('000s) (RHS)*

Source: *Society of Indian Automobile Manufacturers

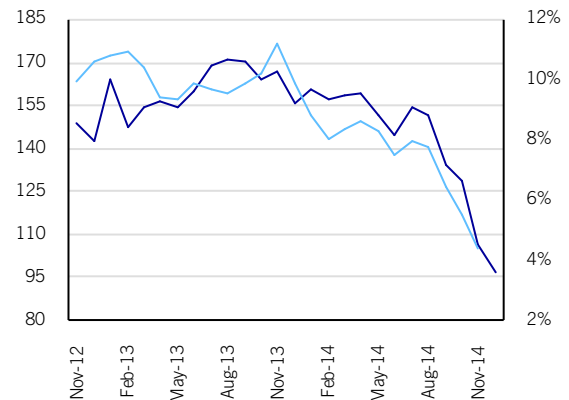
Inflation



— MNI Inflation Expectations
 — CPI Y/Y% (RHS)*

Source: *Central Statistical Organisation, India

Gasoline Price Expectations



— MNI Gasoline Price Expectations
 — CPI Y/Y% (RHS)*

Source: *Central Statistical Organisation, India



Data Tables

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

North India Overview

	Oct-14	Nov-14	Dec-14	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
North India Consumer Indicator	123.8	118.0	118.7	Oct-14	-	120.2	0.7	0.6%
Current Indicator	110.4	112.0	110.3	-	Apr-14	110.9	-1.7	-1.4%
Expectations Indicator	132.8	122.0	124.2	Oct-14	-	126.3	2.2	1.8%
Personal Finance: Current	112.0	118.3	113.2	-	Oct-14	114.5	-5.1	-4.3%
Personal Finance: Expected	127.5	125.8	119.8	-	Oct-13	124.4	-6.0	-4.8%
Business Condition: 1 Year	133.8	110.5	120.2	Oct-14	-	121.5	9.7	8.8%
Business Condition: 5 Years	137.1	129.8	132.7	Oct-14	-	133.2	2.9	2.3%
Durable Buying Conditions	108.7	105.6	107.5	Oct-14	-	107.3	1.9	1.8%
Current Business Conditions Indicator	107.4	101.1	108.7	Nov-13	-	105.7	7.6	7.5%
Stock Investment Indicator	100.0	116.7	114.0	-	Oct-14	110.2	-2.7	-2.2%
Real Estate Investment Indicator	113.4	111.2	113.0	Oct-14	-	112.5	1.8	1.6%
Car Purchase Indicator	86.9	91.7	94.3	series high	-	91.0	2.6	2.9%
Employment Outlook Indicator	94.7	104.0	111.1	Jun-14	-	103.3	7.1	6.8%
Inflation Expectations Indicator	129.8	121.3	126.9	Oct-14	-	126.0	5.6	4.7%
Current Prices Satisfaction Indicator	71.1	93.2	84.5	-	Oct-14	82.9	-8.7	-9.3%
Interest Rates Expectations Indicator	120.9	130.3	139.8	Jun-14	-	130.3	9.5	7.3%

South India Overview

	Oct-14	Nov-14	Dec-14	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
South India Consumer Indicator	124.0	121.0	116.8	-	series low	120.6	-4.2	-3.5%
Current Indicator	111.1	108.0	100.4	-	series low	106.5	-7.6	-7.1%
Expectations Indicator	132.6	129.7	127.8	-	Mar-14	130.0	-1.9	-1.5%
Personal Finance: Current	113.4	109.7	111.7	Oct-14	-	111.6	2.0	1.8%
Personal Finance: Expected	133.3	129.9	128.1	-	Jul-14	130.4	-1.8	-1.4%
Business Condition: 1 Year	126.2	116.3	120.8	Oct-14	-	121.1	4.5	3.9%
Business Condition: 5 Years	138.4	143.0	134.4	-	Aug-13	138.6	-8.6	-6.0%
Durable Buying Conditions	108.9	106.4	89.0	-	series low	101.4	-17.4	-16.3%
Current Business Conditions Indicator	120.2	110.2	120.5	Sep-14	-	117.0	10.3	9.4%
Stock Investment Indicator	-	120.2	158.3	series high	-	92.8	38.1	31.7%
Real Estate Investment Indicator	107.0	111.0	105.4	-	Jul-14	107.8	-5.6	-5.1%
Car Purchase Indicator	86.7	94.9	86.0	-	Aug-14	89.2	-8.9	-9.4%
Employment Outlook Indicator	124.7	111.3	125.3	Jul-14	-	120.4	14.0	12.6%
Inflation Expectations Indicator	130.2	127.1	133.5	Sep-14	-	130.3	6.4	5.1%
Current Prices Satisfaction Indicator	98.9	97.4	108.7	Dec-13	-	101.7	11.3	11.5%
Interest Rates Expectations Indicator	121.2	106.1	112.4	Oct-14	-	113.2	6.3	5.9%

East India Overview

	Oct-14	Nov-14	Dec-14	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
East India Consumer Indicator	122.5	117.5	117.3	-	Jun-14	119.1	-0.2	-0.1%
Current Indicator	111.3	108.1	104.1	-	Sep-13	107.8	-4.0	-3.7%
Expectations Indicator	129.9	123.7	126.1	Oct-14	-	126.6	2.4	2.0%
Personal Finance: Current	118.6	116.4	111.2	-	Sep-14	115.4	-5.2	-4.5%
Personal Finance: Expected	132.3	131.3	130.4	-	Sep-14	131.3	-0.9	-0.7%
Business Condition: 1 Year	121.7	109.2	112.7	Oct-14	-	114.5	3.5	3.2%
Business Condition: 5 Years	135.8	130.5	135.2	Oct-14	-	133.8	4.7	3.6%
Durable Buying Conditions	104.0	99.8	97.0	-	Sep-13	100.3	-2.8	-2.9%
Current Business Conditions Indicator	113.6	105.7	117.9	Sep-14	-	112.4	12.2	11.5%
Stock Investment Indicator	-	116.7	116.7	Sep-14	-	77.8	0.0	0.0%
Real Estate Investment Indicator	114.6	109.5	109.2	-	Sep-14	111.1	-0.3	-0.3%
Car Purchase Indicator	84.6	89.3	89.9	Mar-13	-	87.9	0.6	0.7%
Employment Outlook Indicator	99.8	114.8	118.3	Jul-14	-	111.0	3.5	3.1%
Inflation Expectations Indicator	121.8	121.1	113.2	-	series low	118.7	-7.9	-6.5%
Current Prices Satisfaction Indicator	95.0	97.0	98.8	May-13	-	96.9	1.8	1.9%
Interest Rates Expectations Indicator	128.7	126.7	125.1	-	Sep-14	126.8	-1.6	-1.2%

West India Overview

	Oct-14	Nov-14	Dec-14	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
West India Consumer Indicator	123.4	123.7	123.0	-	Dec-13	123.4	-0.7	-0.5%
Current Indicator	110.0	112.0	109.6	-	Sep-13	110.5	-2.4	-2.2%
Expectations Indicator	132.3	131.4	132.0	Oct-14	-	131.9	0.6	0.4%
Personal Finance: Current	117.2	116.9	117.7	Sep-14	-	117.3	0.8	0.7%
Personal Finance: Expected	127.3	128.6	128.7	Sep-14	-	128.2	0.1	0.1%
Business Condition: 1 Year	129.0	122.0	122.7	Oct-14	-	124.6	0.7	0.6%
Business Condition: 5 Years	140.7	143.7	144.5	Jun-14	-	143.0	0.8	0.5%
Durable Buying Conditions	102.8	107.1	101.5	-	Apr-14	103.8	-5.6	-5.3%
Current Business Conditions Indicator	113.8	114.3	118.6	Feb-13	-	115.6	4.3	3.8%
Stock Investment Indicator	109.0	115.6	111.1	-	Oct-14	111.9	-4.5	-3.9%
Real Estate Investment Indicator	113.9	111.7	113.5	Oct-14	-	113.0	1.8	1.6%
Car Purchase Indicator	85.3	90.9	93.5	series high	-	89.9	2.6	2.9%
Employment Outlook Indicator	108.3	116.9	125.6	May-14	-	116.9	8.7	7.5%
Inflation Expectations Indicator	126.3	110.5	118.3	Oct-14	-	118.4	7.8	7.1%
Current Prices Satisfaction Indicator	72.7	81.3	98.1	Jun-13	-	84.0	16.8	20.6%
Interest Rates Expectations Indicator	126.7	123.7	132.3	Jul-14	-	127.6	8.6	6.9%

Central India Overview

	Oct-14	Nov-14	Dec-14	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
Central India Consumer Indicator	126.9	125.1	120.2	-	Jan-14	124.1	-4.9	-3.9%
Current Indicator	117.4	114.5	109.3	-	Jan-14	113.7	-5.2	-4.6%
Expectations Indicator	133.3	132.1	127.4	-	Jul-14	130.9	-4.7	-3.6%
Personal Finance: Current	120.3	119.1	118.6	-	Aug-14	119.3	-0.5	-0.4%
Personal Finance: Expected	122.9	130.9	124.6	-	Oct-14	126.1	-6.3	-4.8%
Business Condition: 1 Year	133.1	125.5	115.3	-	Apr-14	124.6	-10.2	-8.1%
Business Condition: 5 Years	144.1	140.0	142.4	Oct-14	-	142.2	2.4	1.7%
Durable Buying Conditions	114.4	110.0	100.0	-	Jan-14	108.1	-10.0	-9.1%
Current Business Conditions Indicator	110.2	109.1	120.3	Aug-13	-	113.2	11.2	10.3%
Stock Investment Indicator	133.3	83.3	133.3	series high	-	116.6	50.0	60.0%
Real Estate Investment Indicator	120.6	109.4	114.4	Oct-14	-	114.8	5.0	4.6%
Car Purchase Indicator	89.0	89.5	91.5	Sep-14	-	90.0	2.0	2.2%
Employment Outlook Indicator	94.9	105.5	128.8	Aug-13	-	109.7	23.3	22.2%
Inflation Expectations Indicator	133.9	120.9	116.9	-	Sep-14	123.9	-4.0	-3.3%
Current Prices Satisfaction Indicator	77.1	74.5	95.8	Dec-13	-	82.5	21.3	28.5%
Interest Rates Expectations Indicator	133.9	130.9	146.6	Apr-13	-	137.1	15.7	12.0%

All India - Overview by Age

	Oct-14	Nov-14	Dec-14	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
Age 18-34								
MNI India Consumer Indicator	124.5	123.0	121.8	-	Sep-13	123.1	-1.2	-1.0%
Current Indicator	112.8	113.1	108.5	-	series low	111.5	-4.6	-4.1%
Expectations Indicator	132.4	129.5	130.6	Oct-14	-	130.8	1.1	0.8%
Personal Finance: Current	119.8	116.8	115.6	-	series low	117.4	-1.2	-1.1%
Personal Finance: Expected	132.1	133.3	131.6	-	Jul-14	132.3	-1.7	-1.2%
Business Condition: 1 Year	128.5	116.8	119.7	Oct-14	-	121.7	2.9	2.5%
Business Condition: 5 Years	136.5	138.4	140.5	Jul-14	-	138.5	2.1	1.5%
Durable Buying Conditions	105.8	109.4	101.4	-	series low	105.5	-8.0	-7.3%
Age 35-54								
MNI India Consumer Indicator	123.3	121.6	119.3	-	Sep-13	121.4	-2.3	-1.9%
Current Indicator	109.7	111.7	107.0	-	series low	109.5	-4.7	-4.2%
Expectations Indicator	132.3	128.2	127.5	-	Sep-14	129.3	-0.7	-0.6%
Personal Finance: Current	113.5	117.2	115.8	-	Oct-14	115.5	-1.4	-1.2%
Personal Finance: Expected	129.6	129.2	125.8	-	Jul-14	128.2	-3.4	-2.7%
Business Condition: 1 Year	128.1	117.1	120.2	Oct-14	-	121.8	3.1	2.6%
Business Condition: 5 Years	139.2	138.3	136.5	-	Sep-14	138.0	-1.8	-1.3%
Durable Buying Conditions	105.9	106.1	98.1	-	series low	103.4	-8.0	-7.6%
Age 55-64								
MNI India Consumer Indicator	123.5	115.5	116.8	Oct-14	-	118.6	1.3	1.2%
Current Indicator	110.7	103.1	104.5	Oct-14	-	106.1	1.4	1.4%
Expectations Indicator	132.0	123.7	125.1	Oct-14	-	126.9	1.4	1.1%
Personal Finance: Current	112.3	108.4	110.3	Oct-14	-	110.3	1.9	1.7%
Personal Finance: Expected	123.0	120.0	117.5	-	May-14	120.2	-2.5	-2.1%
Business Condition: 1 Year	130.9	112.9	120.9	Oct-14	-	121.6	8.0	7.0%
Business Condition: 5 Years	142.0	138.2	136.8	-	Sep-14	139.0	-1.4	-1.0%
Durable Buying Conditions	109.1	97.7	98.7	Oct-14	-	101.8	1.0	1.0%

All India - Overview by Income

	Oct-14	Nov-14	Dec-14	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
< INR 432,000 per annum								
MNI India Consumer Indicator	117.9	119.1	118.4	-	Oct-14	118.5	-0.7	-0.6%
Current Indicator	102.4	107.1	103.4	-	Oct-14	104.3	-3.7	-3.5%
Expectations Indicator	128.2	127.1	128.3	Aug-14	-	127.9	1.2	1.0%
Personal Finance: Current	101.3	105.6	107.5	Sep-14	-	104.8	1.9	1.7%
Personal Finance: Expected	123.6	124.8	125.6	Sep-14	-	124.7	0.8	0.7%
Business Condition: 1 Year	128.6	118.5	122.0	Oct-14	-	123.0	3.5	3.0%
Business Condition: 5 Year	132.5	137.9	137.3	-	Oct-14	135.9	-0.6	-0.4%
Durable Buying Conditions	103.5	108.7	99.3	-	series low	103.8	-9.4	-8.6%
> INR 432,000 per annum								
MNI India Consumer Indicator	131.5	132.9	128.6	-	Jul-14	131.0	-4.3	-3.3%
Current Indicator	122.3	124.4	117.9	-	Jan-14	121.5	-6.5	-5.2%
Expectations Indicator	137.6	138.6	135.7	-	Jul-14	137.3	-2.9	-2.1%
Personal Finance: Current	128.9	127.8	124.6	-	Jan-14	127.1	-3.2	-2.5%
Personal Finance: Expected	136.8	142.3	134.6	-	Jul-14	137.9	-7.7	-5.4%
Business Condition: 1 Year	135.3	128.2	127.7	-	Jul-14	130.4	-0.5	-0.4%
Business Condition: 5 Year	140.8	145.4	145.0	-	Oct-14	143.7	-0.4	-0.2%
Durable Buying Conditions	115.7	121.1	111.3	-	May-14	116.0	-9.8	-8.1%

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 has been in place since November 2012.

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.

Discovering trends in Emerging Markets

MNI's Emerging Markets Indicators explore attitudes, perspectives and confidence in Russia, India and China. Our data and monthly reports present an advance picture of the economic landscape as perceived by businesses and consumers.

Our indicators allow investors, economists, analysts, and companies to identify economic trends and make informed investment and business decisions. Our data moves markets.

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