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MNI India Consumer Report March 2015

Insight and data for better decisions

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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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Courting the Opposition

While the Indian government has made a lot of noise since winning the general election ten months ago, a lack of concrete reforms has raised some doubts about Prime Minister Modi's ability to push through tough economic measures that are urgently required.

While the Indian government has made a lot of noise since winning the general election ten months ago, a lack of concrete reforms has raised some doubts about Prime Minister Modi's ability to push through tough economic measures that are urgently required. While the historic victory of the BJP in the election last year, gave it a majority in the lower house (Lok Sabha) it has lacked numbers to control the Upper House (Rajya Sabha) which has severely slowed the pace of reforms.

The government has, though, finally managed to get some major legislation through both houses of parliament. Not only will this strengthen the government's reform agenda, but it will boost investor confidence in terms of Modi's ability to manage the opposition and the upper house.

To begin with, the passing of the insurance bill, which had been stuck in Parliament since 2008, will raise the limit that foreign companies can own in Indian insurers to 49% from 26% and should help encourage investment in the sector. Given that insurance penetration, measured as the ratio of insurance premiums to GDP in India is just 3.9% compared with a world average of 6.3%, and below that of South Africa (15.4%), Brazil (4%) and other G20 nations, it will enable the infusion of much-needed capital in the insurance sector. The opening of the sector will be a big positive for private insurers who have limited presence beyond metropolitan areas, while new companies may choose to enter into the sector which would lead to higher competition and likely result in cheaper insurance premiums.

Another crucial bill that was pushed through was a new mining law which paves the way for private companies to mine and sell coal in India. This is an important step forward as state-run Coal India Ltd. which currently has a monopoly on coal mining has for years fallen short of its targets. Under the new law, mining leases will be granted through competitive bidding auctions which are expected to introduce transparency and certainty in the mining allocation process and thereby provide a big boost to manufacturing as well as power generation to improve the business environment.

Nevertheless, the fact that the government has struggled to pass these relatively straightforward bills suggests that it will be no easy task to pass more contentious reform of land legislation aimed at making it easier and quicker to buy land for infrastructure and industrial purposes. With laws relating to the acquisition of land dating back centuries, it is unsurprising that India is far behind many smaller developing countries including Kenya, Bhutan and Ecuador and is ranked 142 out of 189 countries by the World Bank for ease of doing business. Some progress has been made, but Modi will need to garner greater support from his opponents if he wants to hit his goal of making it into the top 50.

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MNI Indicators

The MNI India Consumer Sentiment Indicator fell to 118.5 in March from 121.2 in February, the lowest level since September 2013 when the economy was mired in a currency crisis. The fall in consumer sentiment wiped out the gains made over the previous two months, raising doubts about the pace of recovery of the economy.

Tax measures announced in the Budget may well have dented sentiment. A hike in the service tax will make going to restaurants, beauty salons, theatres, amusement parks as well as air travel and phone services more expensive. The fall in sentiment also came in spite of the early March rate cut by the central bank which came early in our survey period.

The Current Indicator, which measures consumers' assessment of their current conditions, fell to 109.9 in March from 114.3 in February. The Expectations Indicator also fell slightly to 124.2 from 125.7 in the previous month, continuing the trend decline seen since the beginning of 2014.

All five components of the Consumer Indicator declined in March, led by a fall in the Durable Buying Conditions Indicator which provides a guide to consumer spending. Lower levels of inflation and interest rates are seemingly not convincing consumers to shell out on big-ticket items. Both measures of Personal Finances, current and expected, declined in March with the latter leading the decline and falling to the lowest since September 2013.

While overall consumer sentiment remains above the 100 breakeven level, meaning that optimists outnumber pessimists, it still lies below the series average of 123.1 and was down 5.8% on the year.

The Budget at the start of the month failed to increase optimism that the new government will put in place policies to tackle India's economic issues over the long-term. Expectations for Business Conditions in Five Years fell to the lowest since October 2013. Expectations for conditions in a year's time also dropped and continue to run below the average seen throughout 2014 and the long-run average.

Although there hasn't been overwhelming reaction among consumers to the latest monetary policy easing, they lowered their expectations about interest rates in the next 12 months.

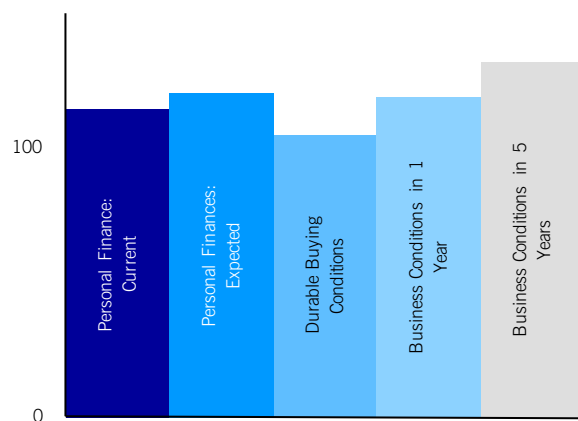
Optimism about the current business situation dropped back significantly in March and expectations for the future eased, with consumers seemingly unconvinced by measures announced in the Budget to improve the country's economic performance.

After gaining momentum in recent months, optimism surrounding the job market eased to a four-month low in March.

Sentiment towards house purchases declined in March with the impact of the January interest rate cut fading and the March easing failing to improve confidence.

The Car Purchase Indicator fell significantly from February's record high as fewer respondents expressed willingness to purchase a car and amid greater expectations that gasoline prices would pick-up.

MNI India Consumer Indicator - Components



All India - Overview

	Jan-15	Feb-15	Mar-15	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
MNI India Consumer Indicator	120.4	121.2	118.5	-	Sep-13	120.0	-2.7	-2.2%
Current Indicator	112.2	114.3	109.9	-	Dec-14	112.1	-4.4	-3.8%
Expectations Indicator	125.8	125.7	124.2	-	Sep-13	125.2	-1.5	-1.2%
Personal Finance: Current	113.3	116.1	114.5	-	Jan-15	114.6	-1.6	-1.3%
Personal Finance: Expected	124.2	123.7	121.1	-	Sep-13	123.0	-2.6	-2.1%
Business Condition: 1 Year	119.6	120.1	119.5	-	Nov-14	119.7	-0.6	-0.6%
Business Condition: 5 Years	133.6	133.3	132.1	-	Oct-13	133.0	-1.2	-0.9%
Durable Buying Conditions	111.2	112.6	105.4	-	Dec-14	109.7	-7.2	-6.4%
Current Business Conditions Indicator	112.4	117.2	110.3	-	Nov-14	113.3	-6.9	-5.9%
Stock Investment Indicator	114.5	114.7	126.0	Sep-14	-	118.4	11.3	9.8%
Real Estate Investment Indicator	114.2	114.5	112.1	-	Dec-14	113.6	-2.4	-2.1%
Car Purchase Indicator	104.0	108.1	96.5	-	Dec-14	102.9	-11.6	-10.7%
Employment Outlook Indicator	122.7	121.8	116.3	-	Nov-14	120.3	-5.5	-4.6%
Inflation Expectations Indicator	126.8	119.6	132.8	Aug-14	-	126.4	13.2	11.1%
Current Prices Satisfaction Indicator	96.4	100.4	95.4	-	Nov-14	97.4	-5.0	-5.0%
Interest Rates Expectations Indicator	123.9	124.0	121.9	-	Sep-14	123.3	-2.1	-1.6%

All India - Summary

	2014										2015		
	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
MNI India Consumer Indicator	125.8	125.2	122.1	126.2	124.1	125.2	124.1	123.7	120.9	119.6	120.4	121.2	118.5
Current Indicator	115.5	114.1	114.6	115.7	114.2	116.2	117.5	111.0	110.7	106.9	112.2	114.3	109.9
Expectations Indicator	132.8	132.6	127.2	133.2	130.8	131.2	128.4	132.3	127.7	128.0	125.8	125.7	124.2
Personal Finance: Current	119.4	121.8	120.6	122.9	119.1	115.4	117.1	115.4	115.6	114.4	113.3	116.1	114.5
Personal Finance: Expected	133.1	130.2	122.5	128.1	125.2	132.1	132.2	129.2	128.7	126.3	124.2	123.7	121.1
Business Condition: 1 Year	124.5	126.3	122.3	127.2	125.9	126.4	120.7	128.8	116.3	119.9	119.6	120.1	119.5
Business Condition: 5 Years	140.8	141.3	136.8	144.5	141.3	135.1	132.5	138.8	138.1	137.9	133.6	133.3	132.1
Durable Buying Conditions	111.6	106.4	108.6	108.5	109.3	116.9	118.0	106.5	105.8	99.4	111.2	112.6	105.4
Current Business Conditions Indicator	102.9	106.3	104.7	111.4	107.7	109.0	113.9	113.5	108.6	116.6	112.4	117.2	110.3
Stock Investment Indicator	89.7	110.9	120.6	118.4	112.9	113.5	130.8	108.9	114.8	118.5	114.5	114.7	126.0
Investment Return	82.7	114.6	139.1	132.8	131.1	126.5	162.4	109.1	144.3	158.2	140.4	128.9	152.5
Stock Price Sentiment	128.6	119.3	112.8	117.8	125.6	106.0	122.2	111.8	131.8	145.5	145.9	121.9	129.0
Stock Market Expectations	114.9	137.4	135.5	140.1	133.2	120.1	152.2	129.2	131.8	142.8	148.9	137.1	154.4
Real Estate Investment Indicator	117.8	114.4	111.9	110.6	110.3	111.3	112.5	112.6	111.0	111.0	114.2	114.5	112.1
House Price Expectations	148.6	145.9	139.8	142.6	144.9	148.7	146.4	149.6	144.0	154.2	153.6	151.8	149.9
House Buying Sentiment	102.8	102.1	103.2	99.1	99.7	97.4	96.2	98.4	92.1	89.3	94.6	96.6	91.5
House Selling Sentiment	98.2	104.9	107.3	110.0	113.7	112.2	105.2	110.0	103.2	110.7	105.5	104.9	105.0
Car Purchase Indicator	75.3	71.7	75.2	78.6	75.6	78.5	86.6	86.1	91.7	91.4	104.0	108.1	96.5
Car Purchase Expectations	108.9	102.3	101.8	101.7	105.4	108.5	107.6	100.8	89.8	79.7	105.1	105.8	100.7
Price of Gasoline Expectations	158.3	158.8	151.4	144.6	154.2	151.4	134.4	128.5	106.3	96.9	97.0	89.5	107.6
Employment Outlook Indicator	115.7	115.7	116.5	122.5	119.9	109.8	109.1	106.9	111.4	121.1	122.7	121.8	116.3
Inflation Expectations Indicator	154.2	152.2	146.4	131.5	137.0	133.7	131.1	127.9	119.0	123.2	126.8	119.6	132.8
Current Prices Satisfaction Indicator	67.2	66.3	63.0	69.8	72.5	68.3	78.8	81.6	89.7	97.1	96.4	100.4	95.4
Interest Rates Expectations Indicator	133.0	133.6	130.1	135.3	130.2	119.4	121.0	124.6	122.0	129.4	123.9	124.0	121.9

All India - Records

	2012-Current			
	Minimum	Maximum	Mean	Median
MNI India Consumer Indicator	115.9	133.7	123.1	122.9
Current Indicator	106.9	128.3	115.6	114.6
Expectations Indicator	120.3	137.3	128.2	127.7
Personal Finance: Current	113.3	135.4	120.0	119.1
Personal Finance: Expected	118.4	141.5	128.3	128.3
Business Condition: 1 Year	114.1	131.8	122.0	120.1
Business Condition: 5 Years	123.9	144.5	134.1	133.3
Durable Buying Conditions	99.4	121.1	111.2	111.4
Current Business Conditions Indicator	102.9	124.9	113.5	113.1
Stock Investment Indicator	89.7	130.8	109.0	107.6
Investment Return	82.7	162.4	119.7	112.7
Stock Price Sentiment	100.4	145.9	116.4	114.3
Stock Market Expectations	103.8	154.4	124.0	119.2
Real Estate Investment Indicator	109.7	119.9	113.6	113.1
House Price Expectations	133.3	154.2	144.9	144.8
House Buying Sentiment	89.3	121.5	102.9	100.6
House Selling Sentiment	95.5	113.7	106.9	105.5
Car Purchase Indicator	60.1	108.1	78.5	75.8
Car Purchase Expectations	79.7	114.8	102.4	103.2
Price of Gasoline Expectations	89.5	171.0	145.5	154.2
Employment Outlook Indicator	106.9	128.3	118.1	119.1
Inflation Expectations Indicator	119.0	159.2	140.9	143.9
Current Prices Satisfaction Indicator	63.0	115.9	85.2	86.2
Interest Rates Expectations Indicator	116.6	140.4	128.7	129.6

The RBI chose to keep the repo rate unchanged at 7.5% on April 7.

Governor Raghuram Rajan stated that the RBI was vigilant to any threats to the current disinflationary trend and was still waiting for commercial banks to lower their own lending rates following the previous two cuts to the RBI's key rate earlier this year.



Economic Landscape

While the Reserve Bank of India chose to leave the key repo rate unchanged at its monetary policy review, it vowed to keep monetary policy accommodative and left the door open for additional easing should conditions warrant it.

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In the RBI's economic outlook, which was released in tandem with the rate decision, the central bank said that it expected GDP to expand by 7.8% in the 2015-16 fiscal year compared with 7.5% in the previous year. Inflation, meanwhile, was forecast to increase to around 5.8% by the end of the year, in line with the 6% target. Thereafter the RBI will be targeting 4% inflation by the end of the 2017-18 fiscal year.

Latest economic data has been disappointing. The pace of industrial production growth slumped to a three-month low in January while retail inflation accelerated in February. Even though the trade deficit narrowed to a 17-month low in February, it was mostly due to a decline in oil prices as exports continued to ease. However, the

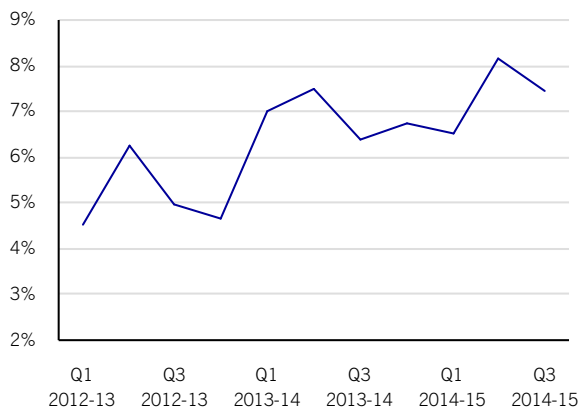
improvement in the current account provides a buffer for the rupee for when the US eventually begins rate lift-off.

Rewriting history

Following the release of revisions up to fiscal year 2013-14, the Central Statistical Office released data for the Oct-Dec quarter and revisions to the previous two quarters. GDP growth is estimated to have eased to 7.5% in the Oct-Dec quarter from a revised 8.2% in Jul-Sep (up from 6% previously). Growth in Apr-Jun was also revised higher, to 6.5% from 5.9%. Under the new methodology, the government's advance estimate pegged fiscal year 2014-15 growth at 7.4%, more than 150 basis points higher than the central bank's growth estimates. Imputing the last quarter of the fiscal year from the advance estimate, implies a growth rate of at least 7.3% which looks optimistic given the weakness seen in both the MNI business and consumer surveys.

Changes to the way that the GDP data is compiled suggest that India's economic performance was much better than previously estimated. There were three key changes to the calculation method. Firstly, the base year was updated to 2011-12 from 2004-05 previously. Secondly, India will now follow international norms by calculating GDP at market prices rather than factor cost. The latter method, which was the convention until now, included production subsidies and excluded taxes on production. Finally, GDP

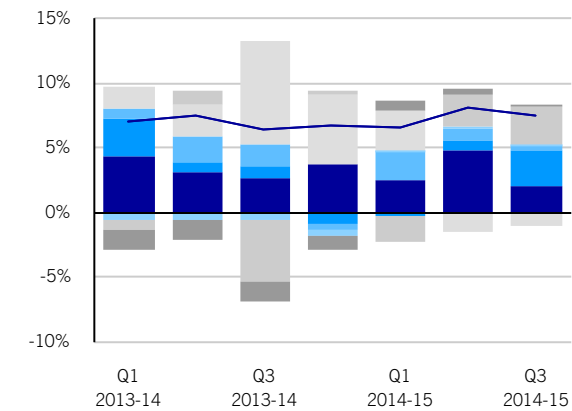
Economic Growth



— GDP Y/Y %, fiscal year

Source: Central Statistical Organisation, India

Contribution to GDP Growth



■ PFCE ■ Change in Stocks ■ Valuables
 ■ GFCE ■ Net Exports ■ Discrepancies
 ■ GFCF ■ GDP Y/Y %

Source: Central Statistical Organisation, India

GDP Growth in Expenditure Terms (Market Prices)

2013-14	Old	New	Change
Private Consumption	4.8%	6.2%	1.4%
Government Consumption	3.8%	8.2%	4.3%
Gross Capital Formation	-	-4.0%	-
Gross Fixed Capital Formation	-0.1%	3.0%	3.1%
Exports	8.4%	7.3%	-1.2%
Imports	-2.5%	-8.4%	-5.8%
GDP at Market Prices	5.0%	6.9%	1.9%

Contribution to GDP Growth

	2013-14	2012-13
Private Final Consumption Expenditure	3.9%	2.6%
Government Final Consumption Expenditure	1.0%	0.2%
Gross Capital Formation	-1.6%	0.8%
Net Exports	4.8%	-0.2%
Discrepancies	-1.2%	1.7%

will now include under-represented and informal sectors and items such as smart phones and LED television sets.

The revisions to growth are quite staggering and unsurprisingly raise questions about the credibility of the data. We are now told that growth in real GDP at market prices was revised up from 4.7% to 5.1% in 2012-13 and from 5% to 6.9% in 2013-14. The previous value added measure was revised up to 4.9% in 2012-13 from 4.5% previously, and in 2013-14 was revised up to 6.6% from 4.7%.

The new estimates of growth in 2013-14 don't sit well with other indicators during the period with trade data pointing to slower domestic demand and survey evidence pointing to a significant weakening. Our own business survey suggests that India bottomed out in April 2013 in line with slower growth of 4.7% in the three months to March 2013 and has subsequently picked up, although this doesn't quite justify the staggering growth rate of almost 7% in the previous year. Modi's 'Make in India' campaign received an instant boost with growth in industry revised up sharply.

Manufacturing saw massive upward revisions to growth from 1.1% to 6.2% in 2012-13 and -0.7% to 5.3% in 2013-14. The sector is now said to account for 17.3% of the economy compared with 12.9% previously. Mining, too, was revised up from -2.2% to -0.2% and -1.4% to 5.4%.

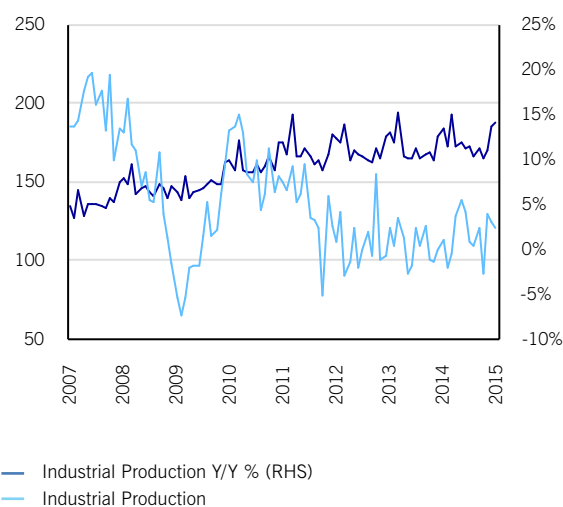
Growth in 2013-14 was still primarily due to the service sector, which contributed 4.5 percentage points to GDP growth, higher than the 3.9 percentage points reported previously. Still, as the percentage share of manufacturing in Gross Value Added was revised up, the share of services was revised down to 59.6% from 64.8% previously.

In 2013-14, on an expenditure basis, personal consumption added 3.9 percentage points to growth, having contributed 2.6 percentage points in the previous year, while net exports contributed 4.8 percentage points to GDP growth, having subtracted 0.2 percentage point previously. Investment was a drag on GDP growth, subtracting 1.6 percentage points after adding 0.8 percentage point in the previous year.

Output expands slowly in January

Industrial production expanded by 2.6% on the year in January, the lowest growth in three months, following an increase of 3.2% (revised up from 1.7% previously) in

Industrial Production



Source: Central Statistical Organisation, India

December. Accordingly, cumulative growth for the April-January period of the 2014-15 fiscal year compared with 2013-14 stood at 2.5%, up from 0.1% a year ago, but still relatively weak.

The small rise in industrial production was led by manufacturing, which comprises around 75% of overall output. Manufacturing output grew by 3.3% on the year after increasing by 3.8% (revised from 2.1%) in the previous month. In January, 14 out of the 22 industry groups within the manufacturing sector expanded with the industry group 'Electrical machinery and apparatus' witnessing the largest growth of 28.1% followed by a 23.5% expansion in 'Furniture manufacturing'.

Mining output contracted for the second consecutive month by 2.8% on the year in January compared with a contraction of 2.1% in December. Output of consumer durables, a measure of consumer demand, continues to be a drag on industrial output as it contracted for the eighth consecutive month by 5.3% on the year, although the pace of contraction has started to ease. Capital goods output, a proxy for investment, rose by 12.8% on the year mainly due to base effects compared with 5.3% (4.1% previously) in January. This was the third consecutive rise, although on a monthly basis the pace of growth has slowed.

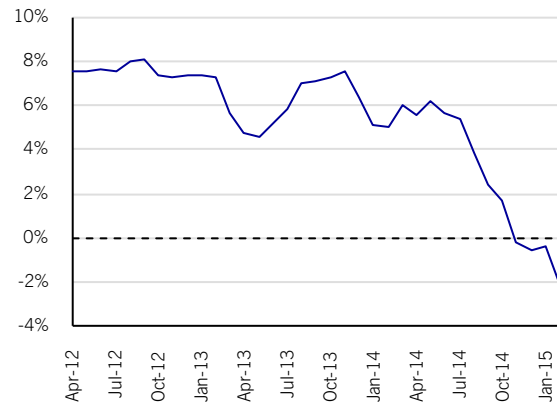
Inflation inches up in February

Consumer price inflation picked up to 5.4% in February from a revised 5.2% in January (previously 5.1%). Food inflation was 6.8% on the year compared with 6.1% in the previous month due to unseasonal rainfall, while core inflation stood at 4.1%, helped by a contraction in transport and communication prices.

Consumer Price Index Composition

	Old	New	Change
Food and beverages	47.58	45.86	↓
Pan, tobacco and intoxicants	2.13	2.38	↑
Clothing and footwear	4.73	6.53	↑
Housing	9.77	10.07	↑
Fuel and light	9.49	6.84	↓
Miscellaneous	26.31	28.32	↑
Total	100	100	

Inflation



— Wholesale Price Inflation Y/Y%

Source: Office of the Economic Advisor, India

The Central Statistics Office has recently revised the base year from 2010 to 2012 for the consumer price index. They also changed the composition and weights of various components in the basket based on the consumption pattern in 2011-12 (shown in the table in the bottom left-hand corner). The revamped index carries a higher weight for education and health services, and a lower weight for food and fuel items, which better reflects changing consumption patterns. The index is also calculated using a geometric mean which brings it in line with international practice. This, along with the lower weight of food and fuel, should help to moderate volatility in inflation.

The previously targeted measure of inflation, based on the Wholesale Price Index, fell to -2.1% from -0.4% in January. The slowdown mainly reflects significant global commodity disinflation in minerals, fuel and non-food primary articles. An unfavourable base effect meant that that food inflation increased to 7.7% on the year.

Repo rate retained at 7.5%

In line with consensus expectations, the RBI chose to keep the repo rate unchanged at 7.5% on April 7 following an intermeeting cut of 25 basis points just over a month ago. The central bank said that it expected GDP to expand by 7.8% in the 2015-16 fiscal year compared with 7.5% in the previous year. Inflation was forecast to increase to around 5.8% by the end of the year, in line with the 6%

target. Thereafter the RBI will be targeting 4% inflation by the end of 2017-18. While issues on the supply side meant there were some upward risks to inflation, these were more than offset by global disinflationary tendencies, soft commodity prices and slack in the domestic economy.

The RBI said it would keep monetary policy accommodative and left the door for additional easing should conditions warrant it. Critically the RBI wanted to see the transmission of the January and February rate cuts which the banks had not yet passed on before adjusting policy further. It also said that it would be vigilant to any threats to the current disinflationary trend from developments in the food sector and also weather disturbances, although added that it would look through seasonal and base effects. The RBI would also be watchful in terms of the normalisation of US monetary policy, although added that it felt India was “better buffered” against likely volatility than in the past.

Given the downside risks to the inflation and growth forecasts we expect to see the RBI ease policy further over the coming months.

Trade deficit at a 17-month low in February

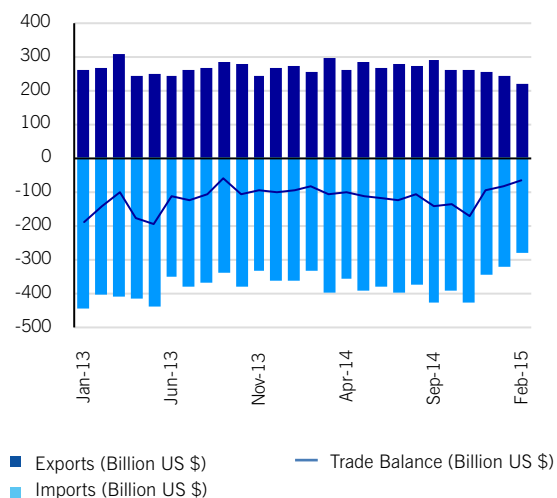
India's trade deficit narrowed to a 17-month low of \$6.8 billion in February from \$8.3 billion in January, 17.6% below the \$8.3 billion shortfall recorded in February a

year earlier. Over the past year, India's trade balance has improved significantly, making it less vulnerable to the turmoil unleashed in 2013 as expectations of an imminent US rate hike increased. Lower oil prices have mainly contributed to the strengthening in India's trade balance although exports are on a downward trend.

In spite of a low base affect, exports were down by 15% on the year to \$21.5 billion in February from \$23.9 billion in January, mainly due to volatility in the rupee and weak global demand. Imports declined by 15.7% on the year to \$28.4 billion in February from \$32.2 billion in January mainly due to lower commodity prices. With exports growth slowing, the government recently announced a five year plan to nearly double exports to \$900 billion by 2020 and raise India's share in world exports from 2% to 3.5%.

Oil imports, which account for a third of total imports declined for the fifth consecutive month after global crude oil prices more than halved. In February, oil imports fell 55.5% to \$6.1 billion from \$13.7 billion in the same month a year earlier and were at the lowest level since May 2009. The non-oil component of imports increased by almost 12%, the highest in three months, but this was predominantly a base impact. Specifically, gold and silver imports rose from \$1.9 billion in January to \$2 billion in February.

Trade Balance



Source: Ministry of Commerce and Industry

Telecom auctions help raise government revenue

In the April 2014-February 2015 period, the government budget deficit stood at Rs. 6.02 trillion against the targeted Rs. 5.13 trillion in the first 11 months of the year. Government receipts totalled Rs. 8.5 trillion, higher than Rs. 8 trillion a year earlier. Out of this, net tax receipts were Rs. 6.5 trillion, above Rs. 6.3 trillion last year. Total expenditure was Rs. 14.6 trillion compared with Rs. 14 trillion a year earlier.

Finance Minister Arun Jaitley believes that the fiscal deficit target of 4.1% of GDP for 2014-15 will be met after revenue is raised from the telecom auctions. In addition to divestments in public ownership, a slew of government austerity measures, such as curbs on foreign travel, conferences, purchase of vehicles and the creation of new posts have helped to contain the budget deficit.

However, he has eased the fiscal consolidation roadmap with the deficit now expected to be 3.9% of GDP, above the 3.6% target inherited from the last government for 2015-16. Although telecom companies have time until April 8 to pay Rs. 288.72 billion of the spectrum winning bid, the government has requested that they make the payments by April 30 so that it falls within the 2014-15 fiscal year which ended on March 2015.

Foreign exchange reserves hit a record high

India's foreign exchange reserves rose by \$4.26 billion to a record high of \$339.9 billion in the week to March 20. According to the RBI's weekly statistical supplement, foreign currency assets, the biggest component of foreign exchange reserves, rose by \$4.53 billion to \$314.8 billion while the value of India's gold reserves remained unchanged at \$19.8 billion in the week ending March 20. The RBI is building reserves to absorb any future global financial shock when the US raises interest rates.

Foreign investors have poured money into the Indian economy amid expectations of an economic recovery, falling interest rates and improving earnings outlook. They have already brought nearly \$5.7 billion in Indian capital markets so far in 2015 amid hopes of a turnaround in activity.

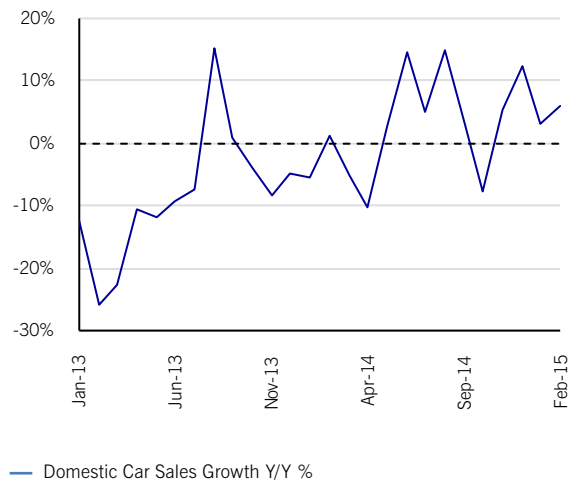
Car sales pick-up in February

Car sales in India rose by almost 7% on the year in February following a slower rise of 3.1% in January when there was an increase in vehicle prices due to the rollback of excise tax concessions on automobiles. In 2014, car sales increased by 2.5% to 1.85 million units compared with a contraction of almost 10% a year earlier as the government had temporarily lowered excise taxes. In addition, consumers also benefited from a reduction in fuel prices in 2014.

The two cuts in interest rates might help the car industry recover. Consequently, the Society of Indian Automobile Manufacturers (SIAM) is more optimistic about car sales this fiscal year and expects growth to be in positive territory.

Sales of commercial vehicles grew by 10.1% on the year in February, up from growth of 5.3% in January. The first two months of 2015 have seen positive growth in commercial vehicle sales but the pace of growth is slow

Car Sales



Source: Society of Indian Automobile Manufacturers

on a monthly basis with sales of commercial vehicles up by just 0.7% on the month suggesting that the investment cycle is yet to pick-up. The industry though remained cautious due to a weakening in rural sales which saw a contraction of 1% in two wheeler sales on the year in February following growth of 1.1% in January. Within two-wheelers, sales of scooters were up by 18.8% on the year, the slowest growth in four months, while sales of motorcycles contracted for the fifth consecutive month by 8.2% on the year.

The Budget announced the rationalisation of duties, which saw the basic excise rate on smaller vehicles go up from 12.36% to 12.5%. The additional burden brought on by this is likely to be marginal and many car manufacturers indicated that they may absorb this and not pass it on to consumers immediately. In addition, there is an effective excise reduction on larger vehicles which will lead to a small price benefit which may be passed on to customers.

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 during the October-December quarter to 104.6 from the previous quarter's 106.3, the lowest since March 2014.

The slowdown in demand was reflected in 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.

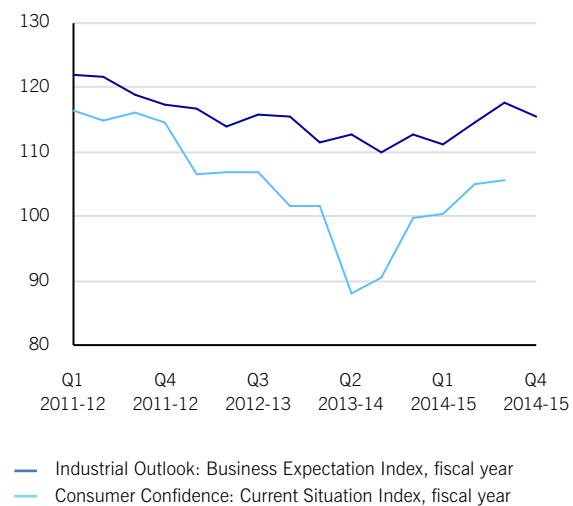
More up-to-date monthly data from the MNI India Business Sentiment Survey has shown the pace of growth in business confidence easing in recent months. In March, the MNI India Business Sentiment Indicator fell to the lowest in more than a year while production and orders also subsided.

RBI Consumer Confidence improves

The RBI's Consumer Confidence survey showed that the Current Situation Index (CSI), an assessment of consumer sentiment, remained buoyant in the quarter ending December at 105.5, slightly up from 105.0 in the quarter ending September. This was markedly above the 90.7 recorded in the quarter ending December a year earlier.

The Future Expectations Index remained robust at 122.2, but slightly down from 123.2 in the quarter ending September as expectations regarding future economic conditions, future household circumstances, future income and future spending all declined. The employment outlook remained consistently stronger with more than

RBI Business and Consumer Sentiment



Source: Reserve Bank of India

60% of respondents expecting an improvement in the employment situation during the last three quarterly rounds of the survey. Regarding price levels and inflation, consumers were more satisfied with both current conditions and future expectations.

More up-to-date monthly data from the MNI India Consumer Sentiment Survey has shown confidence failing to pick-up at a fast rate. In March, the MNI India Consumer Sentiment Indicator fell to the lowest since September 2013, wiping the gains seen in first two months of the year.

Key Monthly Economic Data

	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15
Wholesale Price Index (Y/Y %)	2.4	1.7	-0.2	-0.5	-0.4	-2.1	-
Industrial Production (Y/Y %)	2.6	-2.7	3.9	3.2	2.6	-	-
Car Sales (Y/Y %)	3.3	-7.5	5.4	12.4	3.2	6.2	-
Trade Balance (Billion US \$)	-14.2	-13.4	-16.9	-9.4	-8.3	-6.8	-
MNI India Business Sentiment Indicator	71.2	69.7	68.9	68.4	64.2	66.2	63.0
MNI India Consumer Sentiment Indicator	124.1	123.7	120.9	119.6	120.4	121.2	-

Both high and low-income households were less confident in March.

Even so, consumer sentiment has fallen more rapidly over the past year among those in the low income group.



Indicators

The MNI India Consumer Sentiment Indicator fell to 118.5 in March from 121.2 in February, resuming its downward trend in a broad based decline in confidence.

MNI India Consumer Indicator

Six-Month Low



The MNI India Consumer Sentiment Indicator fell to 118.5 in March from 121.2 in February, resuming its downward trend in a broad based decline in confidence.

While overall consumer sentiment remains above the 100 breakeven level, meaning that optimists outnumber pessimists, it is now down 5.8% on the year and has been trending down since the summer of 2014.

All five components of the Consumer Indicator declined between February and March, led by Durable Buying Conditions. Lower levels of inflation and interest rates are seemingly not convincing consumers to shell out on big-ticket items. Both measures of Personal Finances, current and expected declined in March, with the latter leading the decline and falling to the lowest since September 2013.

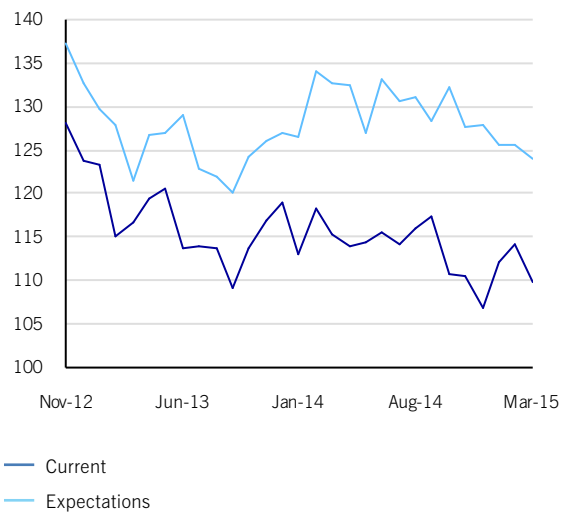
The Budget at the start of the month failed to increase optimism that the new government will put in place policies to tackle India’s economic issues over the long-term. Expectations for Business Conditions in Five Years fell to the lowest since October 2013. Expectations for conditions in a year’s time also dropped and continue to run below the average seen throughout 2014 and the long-run average.

Tax measures announced in the Budget may well have dented sentiment. A hike in the service tax makes going to restaurants, beauty salons, theatres, amusement parks as well as air travel and phone services more expensive. The fall in sentiment also

MNI India Consumer Indicator



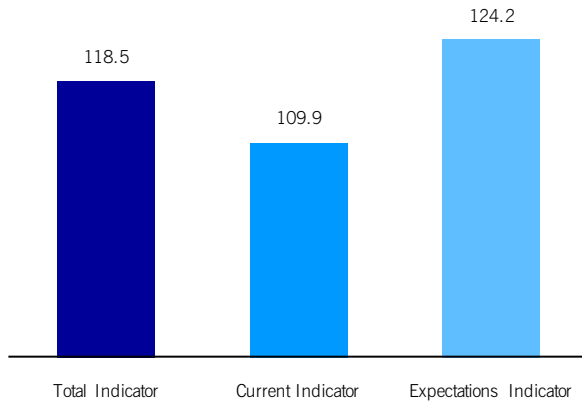
Consumer Indicators



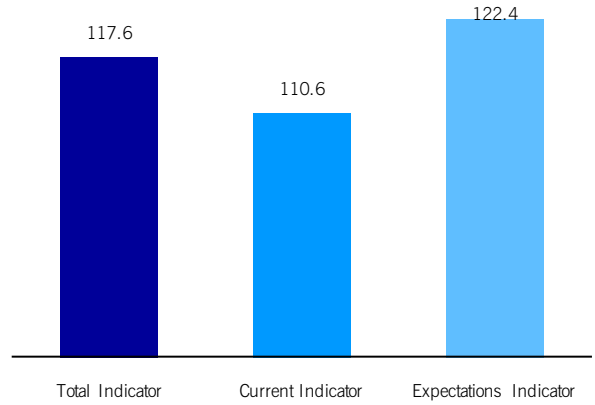
MNI India Consumer Indicator

	Mar-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15
MNI India Consumer Indicator	125.8	123.7	120.9	119.6	120.4	121.2	118.5
Current	115.5	111.0	110.7	106.9	112.2	114.3	109.9
Expectations	132.8	132.3	127.7	128.0	125.8	125.7	124.2

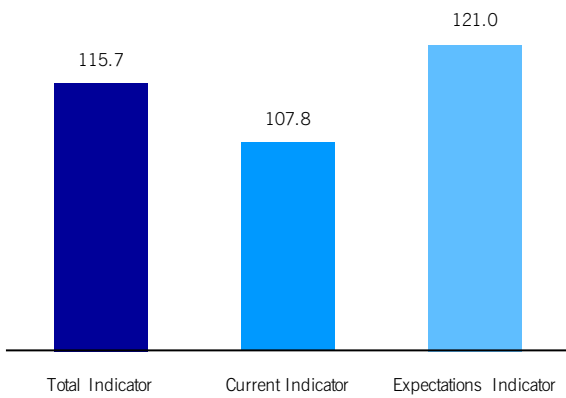
All India



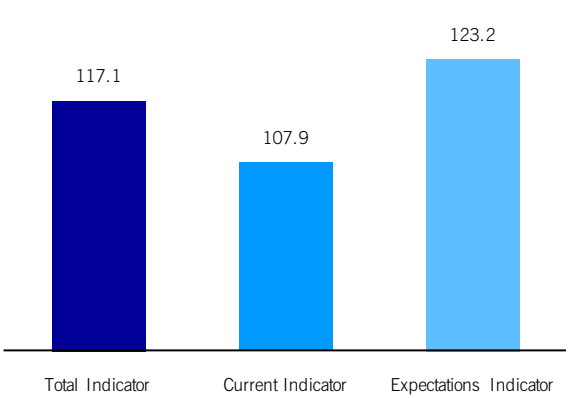
North India



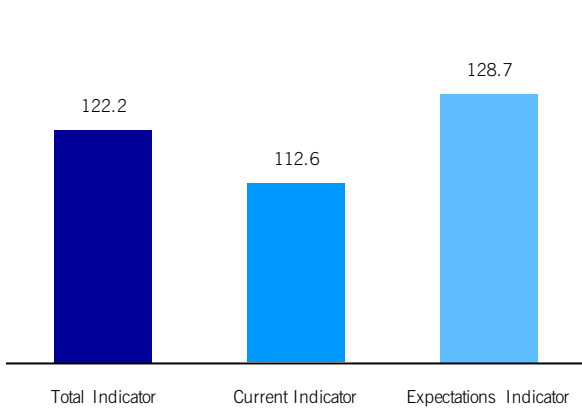
South India



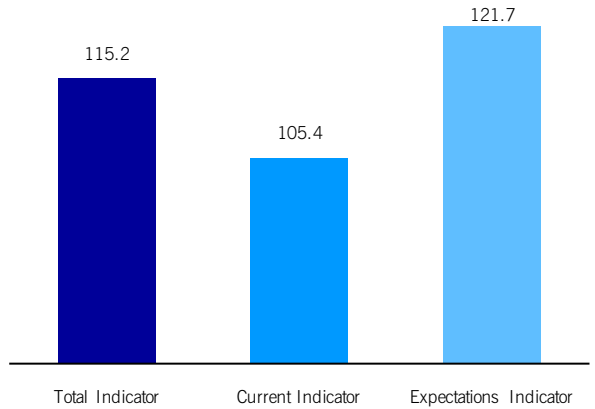
East India



West India



Central India





came in spite of the early March rate cut by the central bank which came early in our survey period.

The Current Indicator, which measures consumers' assessment of their current conditions, fell to 109.9 in March from 114.3 in February. The Expectations Indicator also fell slightly to 124.2 from 125.7 in the previous month, continuing the trend decline seen since the beginning of 2014.

Our consumer survey points to an easing in growth in the final quarter of the 2014-15 fiscal year, placing additional impetus on the government to introduce more concrete reforms and generate more employment. In the quarter ending March, consumer sentiment averaged 120.0; 1.2% below the level recorded in the previous quarter and 4% below the March quarter of 2014.

The weakness in the consumer survey was also mirrored in our sister business survey, which showed that business confidence had eased to an 11-month low in March.

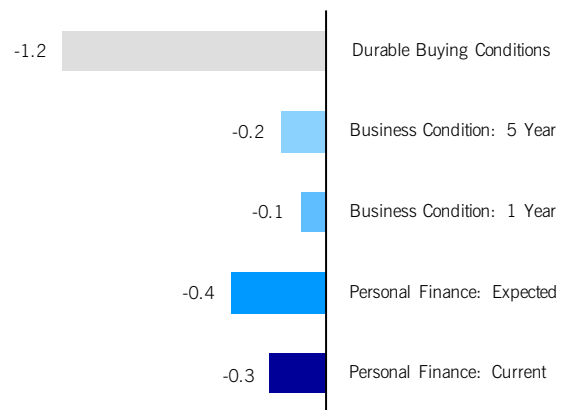
Regions

The fall in consumer sentiment was observed across all five regions apart from East India where greater optimism about future conditions helped lift overall confidence.

In South India, consumer sentiment fell to a record low of 115.7 from 119.0 in February. Consumers were less far less confident about their present conditions with the Durable Buying Conditions Indicator leading the decline. Consumers also revised down their expectations for Future Personal Finances while they were slightly more optimistic in their outlook for both short and long-term business conditions.

In Central India, the Consumer Indicator also fell to a series low of 115.2 from 116.2 in February. While residents of the region thought that current conditions

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



had improved, they were less optimistic about the future. In particular, consumers were less optimistic in their expectations for business conditions in both the short and long-term. In contrast, consumers were more positive about their future household finances and were more willing to buy big-ticket items.

Age

Consumer sentiment fell across all age groups in March. While the improvement in overall confidence in last month's survey was driven by the oldest age group, in March they became the least optimistic of the age groups.

The Consumer Indicator for the 18-34 year age range, the youngest group, fell 1.5% to 120.3 in March from 122.2 in February. Consumers were less confident about their current overall conditions, whereas expectations remained stable. Consumers were far less willing to buy big ticket items, as evidenced by the 9% decline in the Durable Buying Conditions Indicator to a three-month low.

Consumer sentiment among 35-54 year olds fell by 2% to 117.8 in March from 120.2 in the previous



month. Respondents' outlook for long-term business conditions fell to the lowest since September 2013 and their expectations for Personal Finances weakened for the second consecutive month, although the sharpest decline was in the Durable Buying Conditions Indicator which fell to a three-month low in March.

Consumer Sentiment among the oldest age range, 55-64 year olds, experienced a greater fall than the other age groups in March. The Consumer Indicator fell 4.4% to 116.7 from 122.1 in February. All five components of the Consumer Indicator declined on the month, led by expectations for business conditions in a year's time. Consumers were less confident about their Current Personal Finances and were also keen to buy big-ticket items as well.

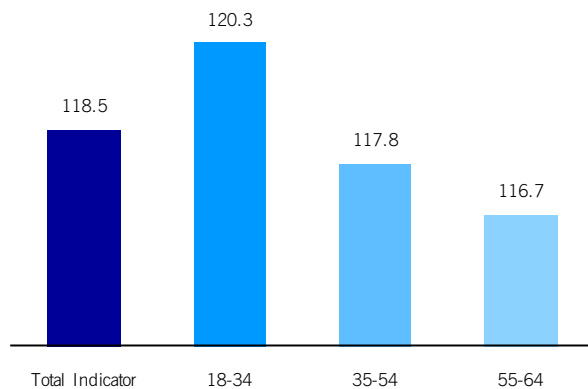
Income

Both high and low-income households were less confident in March.

The Consumer Indicator for households with an average annual income under Rs. 432,000 fell to 118.1 from 121.8 in February. While both current conditions and future expectations weakened on the month, a sharp decline in the Durable Buying Conditions Indicator drove down overall sentiment. Respondents were also less optimistic in their expectations about Business Conditions in Five Years while sentiment towards Personal Finances and the short-term outlook for business conditions experienced some improvement.

Among households with an average annual income over Rs. 432,000, the Consumer Indicator declined to 125.1 from 129.2 in February, the lowest level since January 2014. All components of the Consumer Indicator fell in March except for Business Conditions in Five Years which remained flat on the month. There was a sharp fall in consumers' willingness to buy large household items which declined to a 10-month low.

Consumer Indicator: Age Groups

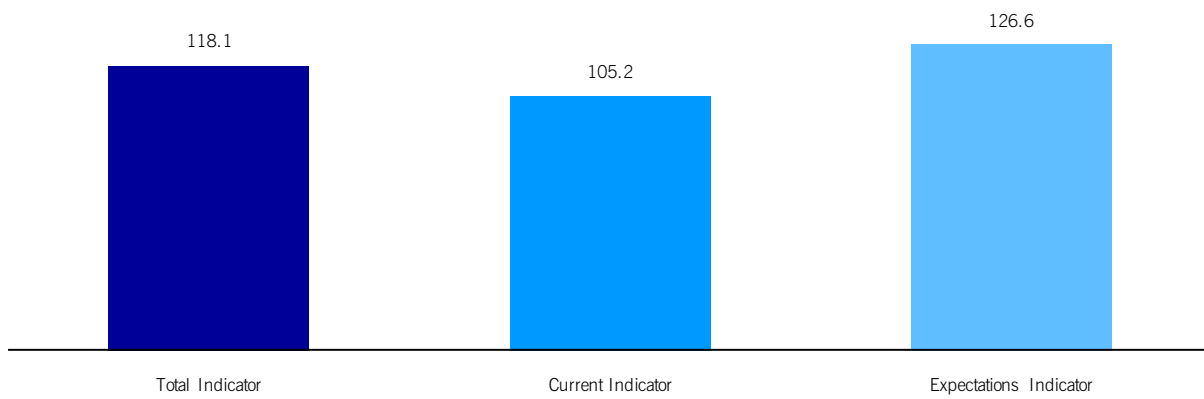


Consumer sentiment has fallen more rapidly over the past year among those in the low income group, with this month's decline placing the indicator 4.3% down on the year. For higher income households, confidence rose throughout the first half of last year but has since declined, although it has remained higher in level terms compared with lower income households with confidence down by just 1.6% on the year.

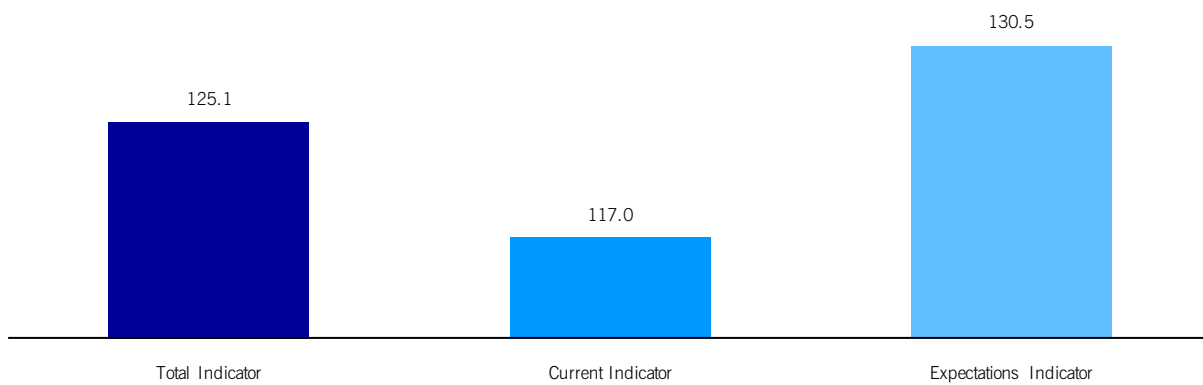
MNI India Consumer Indicator Income Groups



< Rs. 432,000 per annum



> Rs. 432,000 per annum



MNI India Consumer Indicator

Main Cities



Sentiment declined in eight of the ten major Indian cities surveyed in March, led by residents of Bengaluru.

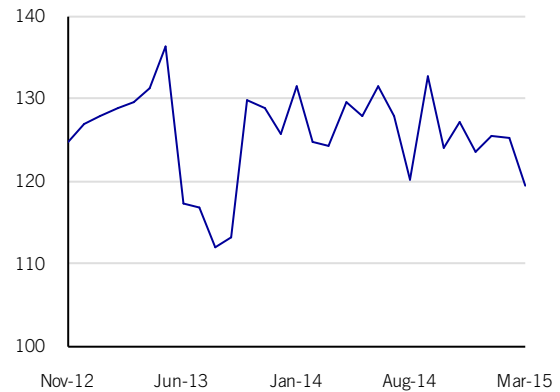
In the capital, Delhi, consumer sentiment fell slightly to 119.4 from 120.2 in February. Consumers were less optimistic about business conditions in the short-term but were much more optimistic about the long-term. Their attitude towards personal finances remained more or less the same but fewer were willing to buy large household items with the Durable Buying Conditions indicator falling to the lowest since November 2014, more than offsetting the previous month's gain.

In Mumbai, India's most populous city, consumer sentiment declined to 119.5 from 125.3 in February, the lowest since September 2013. Consumers exhibited lower optimism in all five parameters that make up the Consumer Indicator. Of these, they were the least optimistic about purchasing large household items as their personal finances became less healthy. Meanwhile, both short and long-term measures of business expectations also fell on the month.

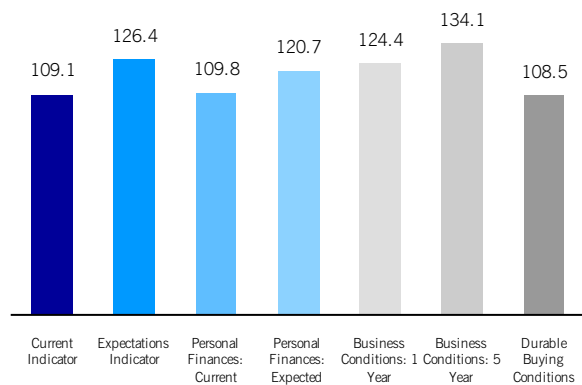
Consumer confidence in Bengaluru, the third largest city by population in India, fell sharply for the second consecutive month to 110.2 from 117.0 in the previous month, the lowest since January 2014. Apart from Current Personal Finances, all four components of the Consumer Indicator declined in March, with the worsening in consumers' outlook for their Personal Finances leading the way.

In contrast, residents of Chennai and Visakhapatnam were more confident this month, with the Consumer Indicators rising by 4.2% and 5.4% respectively. In both cities, consumers were more optimistic about their personal finances and expectations for business conditions, although fewer thought that the conditions for purchasing large household goods had improved.

Consumer Indicator - Mumbai

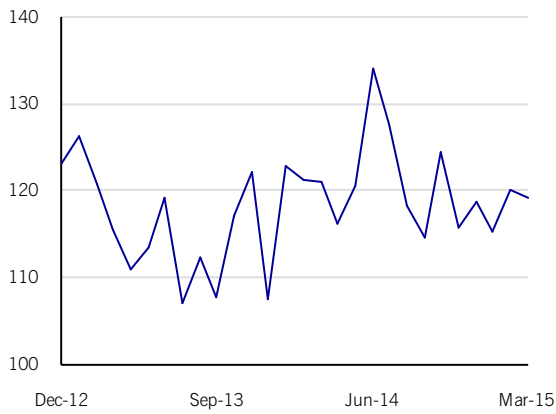


Consumer Indicator Components - Mumbai

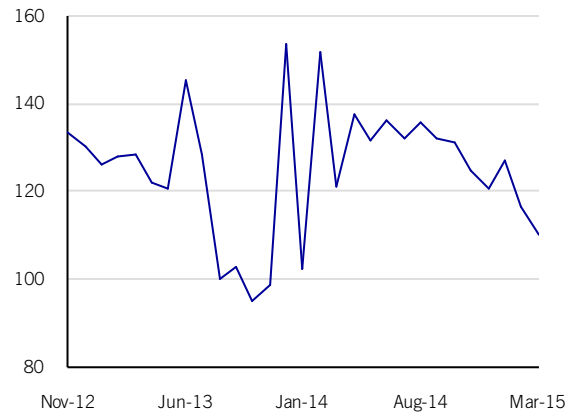




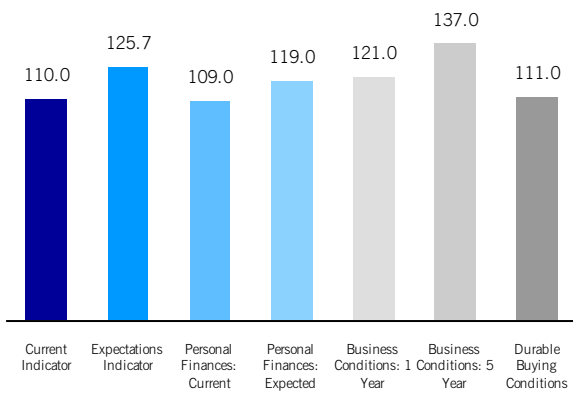
Consumer Indicator - Delhi



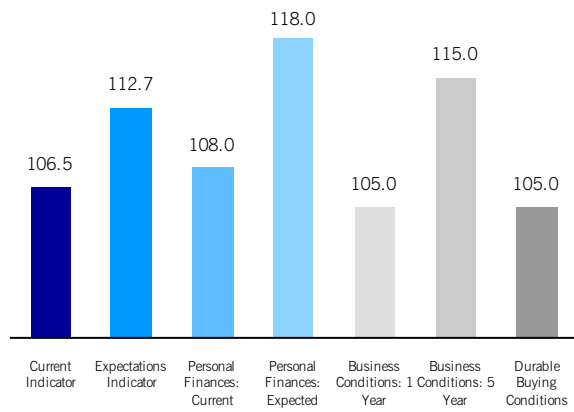
Consumer Indicator - Bengaluru



Consumer Indicator Components - Delhi



Consumer Indicator Components - Bengaluru



Personal Finances

Current Personal Finances Weakest on the Quarter



Following a short-lived improvement in February, the present financial situation of our panel fell in March as did their optimism for the future.

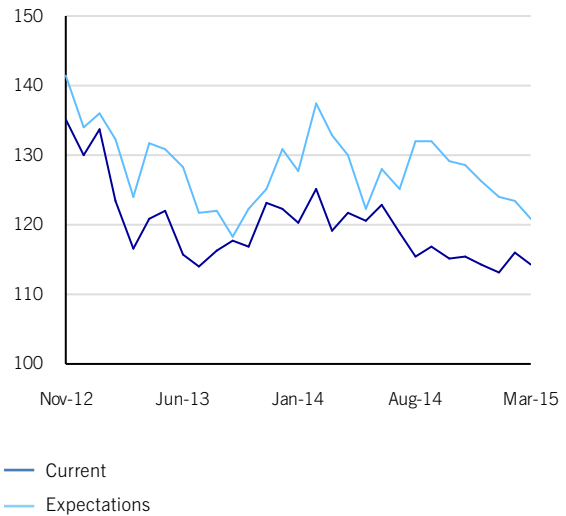
The Current Personal Finances Indicator, which measures whether a household is better or worse off financially than a year ago, fell to 114.5 in March from 116.1 in February. Indian households have seen their personal finances erode since the second half of 2014 which has spilled over into 2015 with the quarter ending March being the weakest on record. The early March Budget, which detailed tax increases on services, may well have hit confidence.

Of those who reported that their household finances had worsened, the majority of respondents cited higher family expenses as the main reason. Even with both inflation and interest rates at low levels compared with last year, consumers have not reported an improvement in their financial situation.

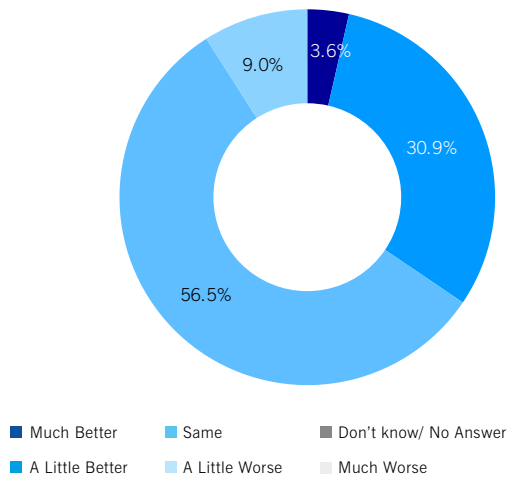
In March, 86.5% of consumers reported that they spent 70-100% of their monthly household income on daily expenses, higher than the 76.7% of consumers who did so a year earlier. Meanwhile, only 47.8% of respondents saved between 1-29% of their monthly household income, lower than the series average of 58.6%.

Consumers have been more optimistic about their financial position in the next 12 months compared with their current situation ever since the start of the survey. Expectations for Future Personal Finances declined to 121.1 in March from 123.7 in February, the lowest since September 2013.

Personal Finances



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



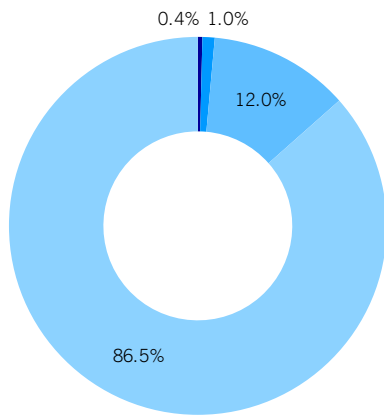
Personal Finances

	Mar-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15
Current	119.4	115.4	115.6	114.4	113.3	116.1	114.5
Expectations	133.1	129.2	128.7	126.3	124.2	123.7	121.1



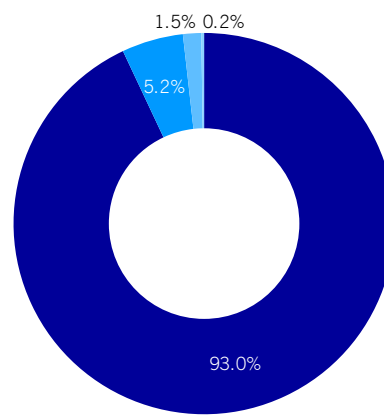
How Households Spend their Money

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



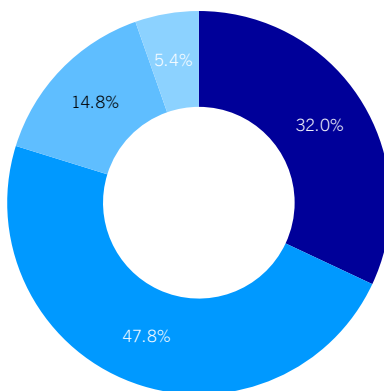
- 0% - 29% of Income
- 30% - 49% of Income
- 50% - 69% of Income
- 70% - 100% of Income

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



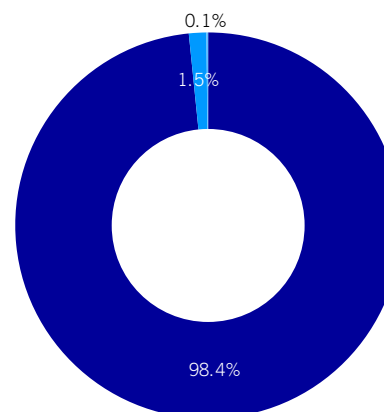
- 0% of Income
- 1% - 29% of Income
- 30% - 49% of Income
- 50% - 100% of Income

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

Business Conditions

Current Conditions Ease



Optimism about the current business situation dropped back significantly in March and expectations for the future eased, with consumers seemingly unconvinced by measures announced in the Budget to improve the country's economic performance.

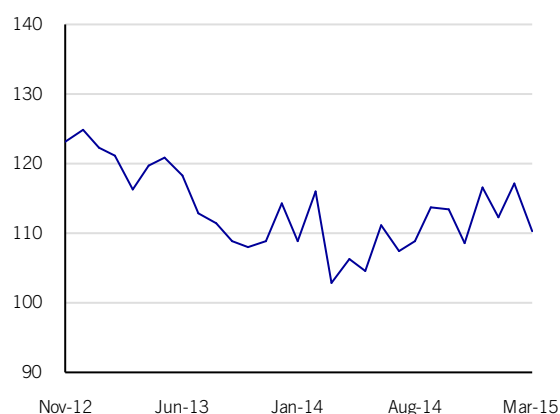
The Current Business Conditions Indicator fell to 110.3 from 117.2 in February, the lowest since November 2014. Even though consumers' assessment of current business conditions was 7.2% above that one year earlier, this month's decline placed it below the series average of 113.5.

In contrast to the rise in current conditions from last year, both short and long-term expectations have trended down in recent months.

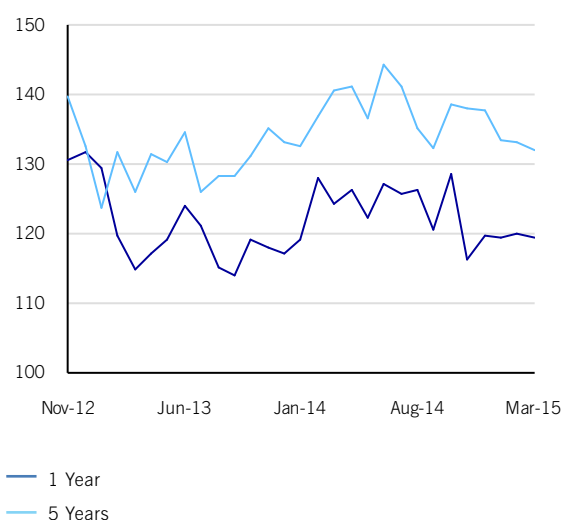
The Business Conditions in One Year component fell slightly to 119.5 from 120.1 in February. While the majority of respondents were optimistic about business conditions in the coming year, the acute level of enthusiasm witnessed just after the Modi government was elected has subsided. Of those who expected business conditions to improve, the majority cited economic development as the main reason.

Respondents' long-term business expectations have trended downwards since hitting a record high in June last year and in March the Business Conditions in Five Years Indicator fell to 132.1 from 133.3 in February – the lowest since October 2013. Sentiment declined in five of the ten major cities surveyed, with confidence in long-term business conditions lowest among inhabitants of Visakhapatnam.

Current Business Conditions Indicator



Expected Business Conditions: 1 Year and 5 Years



Business Conditions

	Mar-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15
Current	102.9	113.5	108.6	116.6	112.4	117.2	110.3
In 1 Year	124.5	128.8	116.3	119.9	119.6	120.1	119.5
In 5 Years	140.8	138.8	138.1	137.9	133.6	133.3	132.1

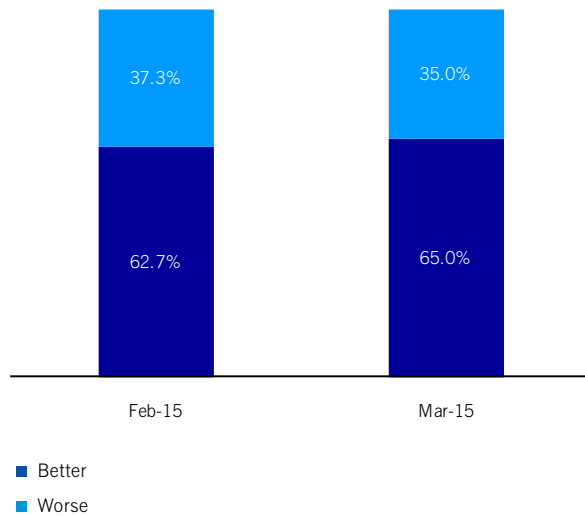
Business Conditions in 1 Year

Selected Reasons

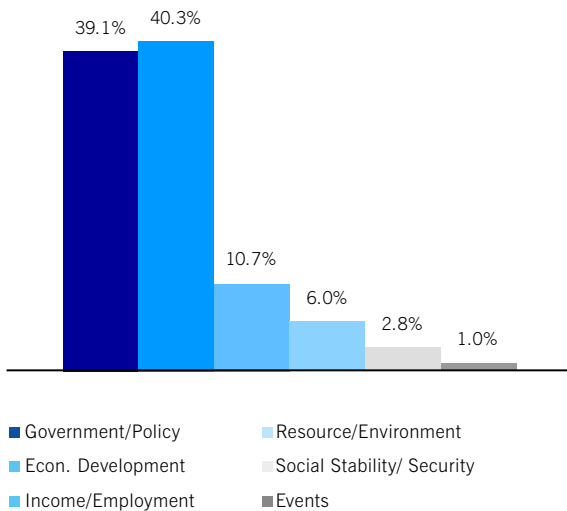


The Budget presented by the government last month included measures to ease the rules for doing business in India and to increase investment in infrastructure especially in railways and roads. The Budget was met with disappointment from businesses also with our sister business survey showing that business confidence had eased to an 11-month low in March. Both surveys took place at the start of March so we may see some further reaction in the April data.

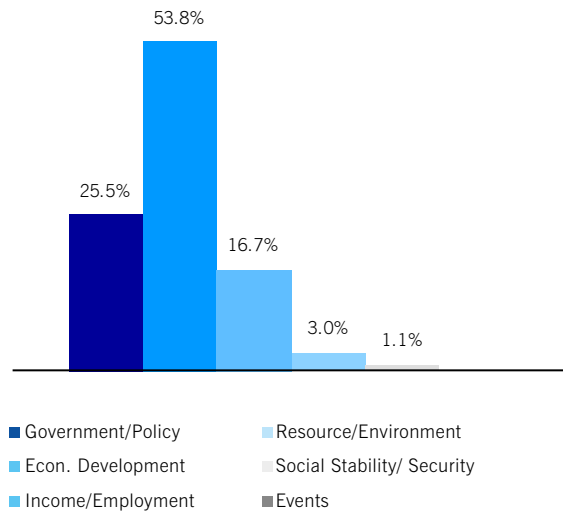
All India



All India, Reasons for Better



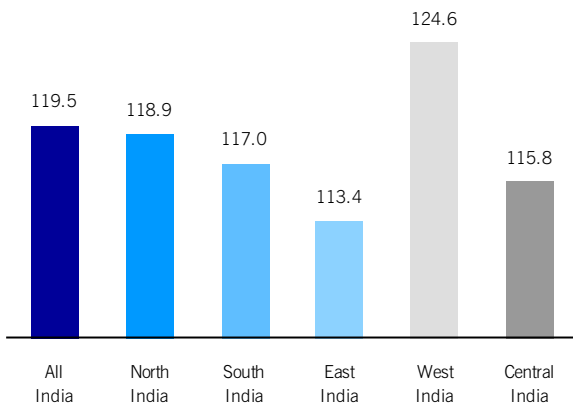
All India, Reasons for Worse



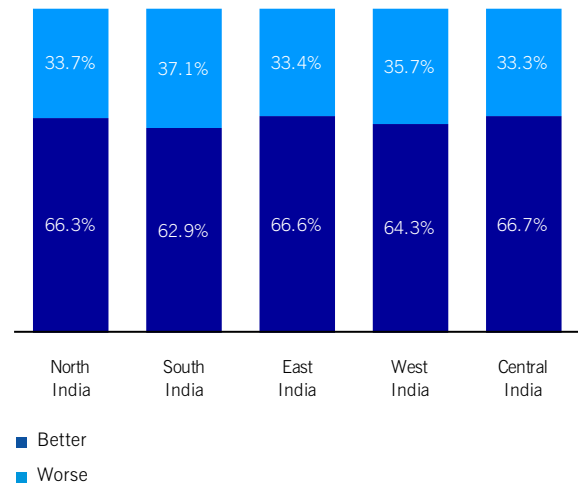
Business Conditions in 1 Year Regions



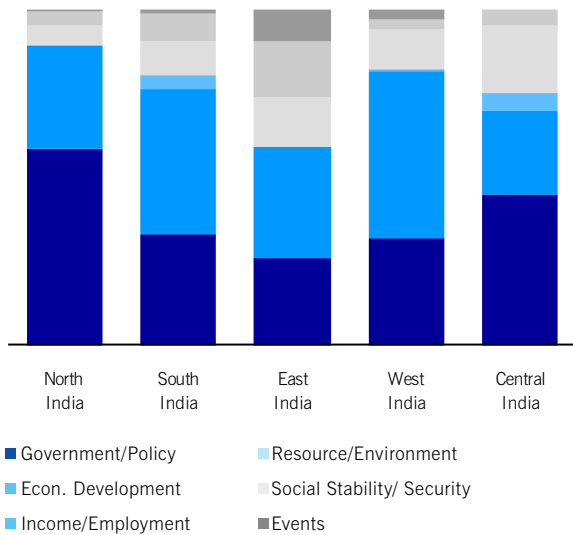
Business Expectations



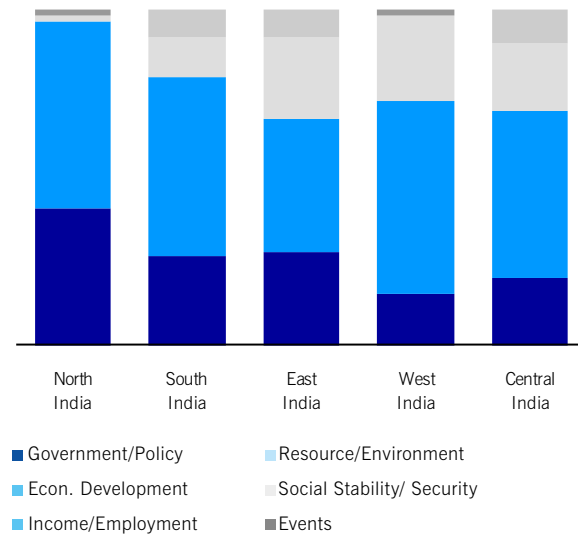
Business Expectations: Better or Worse? (% of Respondents)



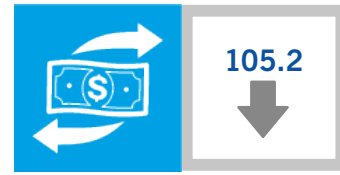
Reasons for Better (% of Respondents)



Reasons for Worse (% of Respondents)



Durable Buying Conditions Lowest in Three Months



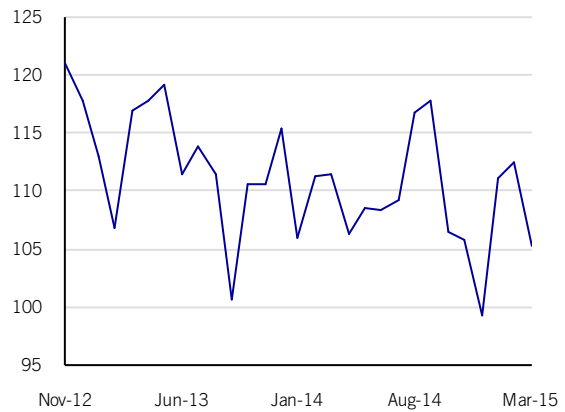
Consumers revised down their willingness to purchase big-ticket items at the fastest pace in five months following the announcement of a planned increase in the service tax in the recent Budget.

The Durable Buying Conditions Indicator fell to 105.4 in March from 112.6 in February. The indicator measures consumers' willingness to purchase a large household good and provides a guide to overall consumer spending. Even though purchase sentiment improved to 109.7 in the three months to March from 103.9 in the three months to December (the lowest quarter on record despite covering festival demand), sentiment has reacted slowly to falling inflation and interest rates.

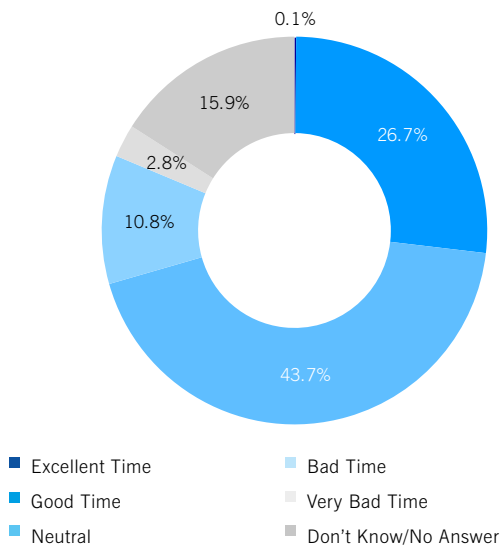
This month's fall may well be a response to the Budget tax hikes which while haven't come into force yet may well have made consumers think twice about spending significant sums of money now. This nervousness tallies with weakness in personal finances in recent months.

The cut in official interest rates on March 4, a few days into our survey period, following the cut in January has so far failed to have a material impact on consumers' willingness to buy large household items. While the Reserve Bank of India chose to leave the key repo rate unchanged at 7.5% at its April 7 meeting, the previous policy easing should place greater impetus onto commercial banks to lower their own lending rates which could have some upside impact on consumers' willingness to purchase big-ticket items in our April survey.

Durable Buying Conditions



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



Durable Buying Conditions

	Mar-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15
Durable Buying Conditions	111.6	106.5	105.8	99.4	111.2	112.6	105.4

Employment Outlook

Lowest Since November 2014



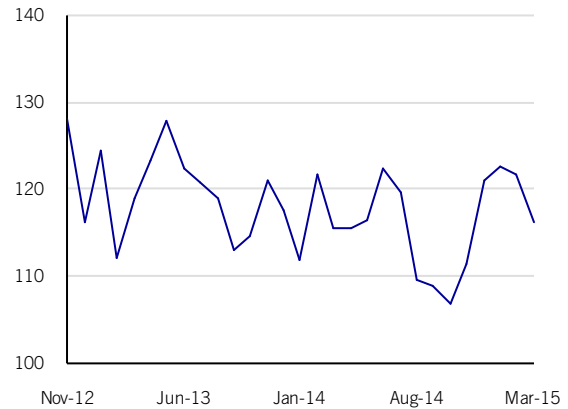
After gaining momentum in recent months, optimism surrounding the job market eased to a four-month low in March.

The Employment Outlook Indicator declined to 116.3 from 121.8 in February, the sharpest fall in seven months and leaving it below the series average of 118.1 as the majority of respondents expected the job market to remain more-or-less the same over the next 12 months.

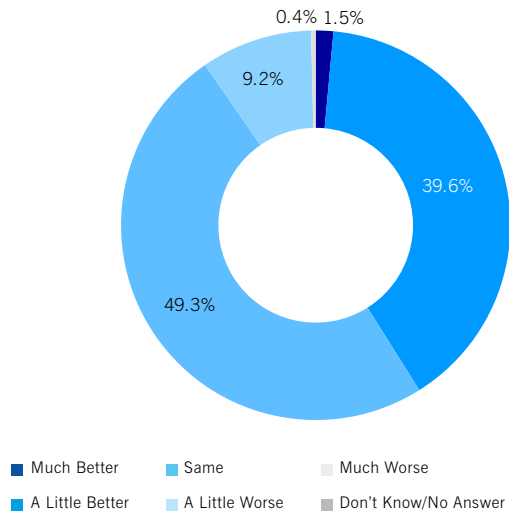
Nevertheless, consumers' expectations for the job market have improved sharply since the downturn during the second half of last year. In the quarter ending March, sentiment averaged 120.3 and was 6.3% above the previous quarter, the highest since the quarter ending June 2013. Our March sister business survey of India's largest companies showed that the Employment Indicator, a measure of whether companies have an adequate number of employees, remained above the 50 breakeven mark while short-term expectations picked up to a three-month high.

A decline in the employment outlook was observed across all regions of India with the sharpest fall observed in South India where the Employment Outlook Indicator fell by 6.9% on the month to the lowest level since November 2014. Respondents from North India, meanwhile, were the least optimistic compared with other regions even though fewer respondents expected employment conditions to worsen.

Employment Outlook Indicator



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



Employment Outlook

	Mar-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15
Employment Outlook	115.7	106.9	111.4	121.1	122.7	121.8	116.3

Prices Sentiment

Dissatisfaction Picks Up



After edging into positive territory in February, the Current Prices Satisfaction Indicator fell back into contraction and consumers' inflation expectations for the coming 12 months also ticked up.

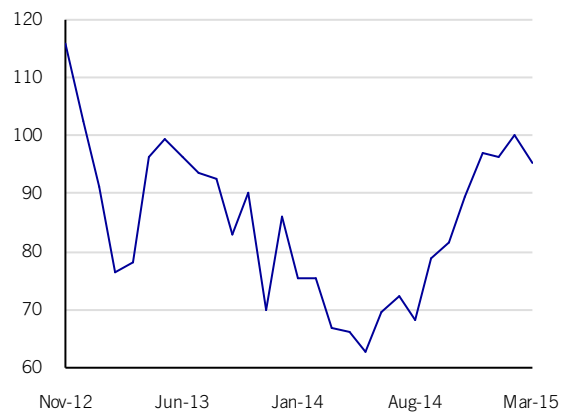
Low inflation helped the Current Prices Satisfaction Indicator to rise above the 100 mark in February but consumers once again felt the pinch of rising prices in March. The indicator measuring satisfaction with the current level of prices descended to 95.4 from 100.4 in February. A figure below 100 indicates wider dissatisfaction, while an outturn above shows increasing satisfaction. With India having experienced high inflation for years, the indicator has been above 100 only for three months in the entire survey since it started in November 2012.

Official data showed that consumer price inflation picked up to 5.4% in February from an upwardly revised 5.2% in January. Food inflation was 6.2% on the year while core inflation stood at 4.1%, helped by a contraction in transport and communication prices.

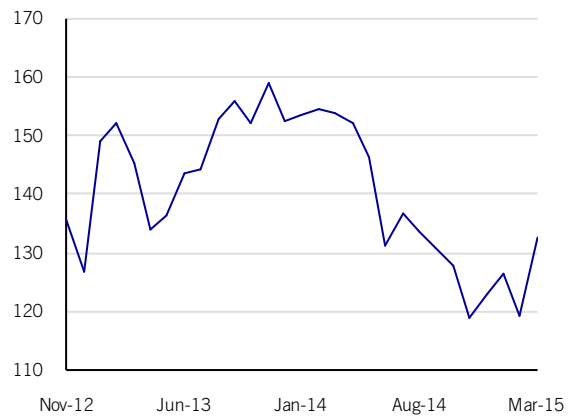
Expectations for inflation in 12 months' time rose by double digits to 132.8 in March from 119.6 in February, the highest since August 2014. Of those respondents who expected prices to rise, the majority thought that they would go up by 5%, while a growing proportion was unsure.

The Inflation Expectations Indicator has closely matched the trend in consumer price inflation previously which points to a pick-up over the coming months. The fall in inflation expectations to a low level compared with a year earlier should help the

Satisfaction with Current Prices Indicator



Inflation Expectations Indicator



Prices Sentiment

	Mar-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15
Satisfaction with Current Prices	67.2	81.6	89.7	97.1	96.4	100.4	95.4
Inflation Expectations	154.2	127.9	119.0	123.2	126.8	119.6	132.8

Prices Sentiment Regions



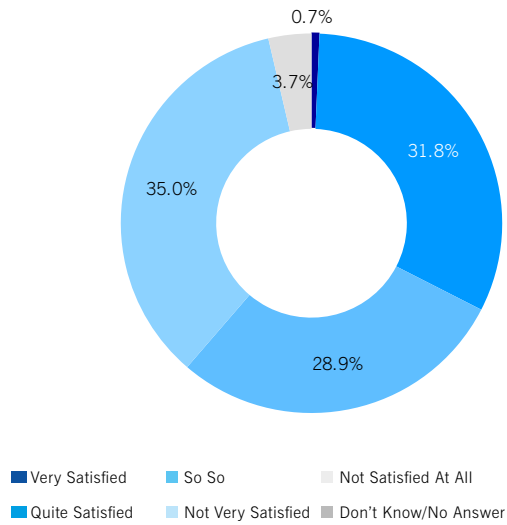
Reserve Bank of India to hit its now formalised inflation target of 4% in the medium term, although this month's increase sends a cautionary warning that the environment in India can change rapidly.

Regions

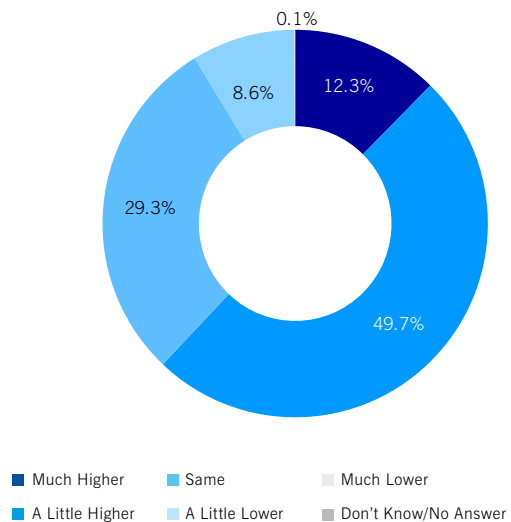
Satisfaction with Current Prices fell across all regions of India except Central and East India where both rose above 100, indicating that those who were satisfied outnumbered those who weren't.

In West India, consumers revised their perception of prices sharply as satisfaction fell by 14.6% to a five-month low. More respondents also raised their inflation expectations, pushing the Inflation Expectations indicator to the highest level since May 2014. Of those who expected prices to rise, a growing proportion thought they will increase by 11-24% compared with expectations of a 5% rise only one month earlier. In South India, consumers remained satisfied with prices but were less so in March as evidenced by the 3.3% fall in the indicator to 110.0. They also revised up their inflation expectations, with a majority expecting prices to rise by 5% in the next 12 months.

Satisfaction with Current Prices
(% of Households)

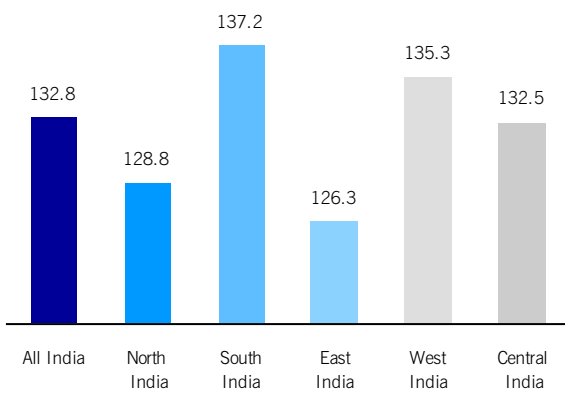


Inflation Expectations in 12 Months
(% of Households)

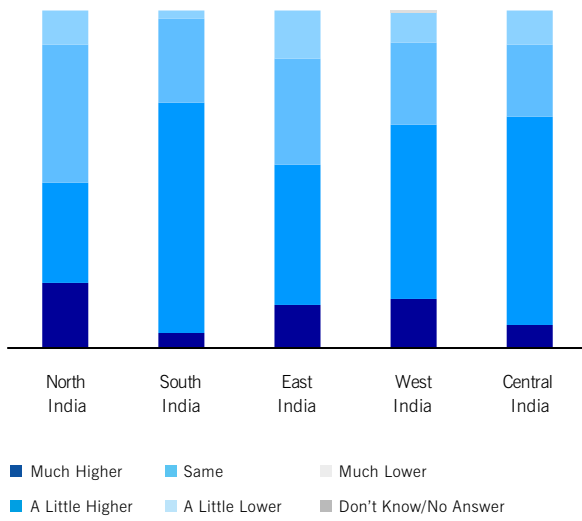




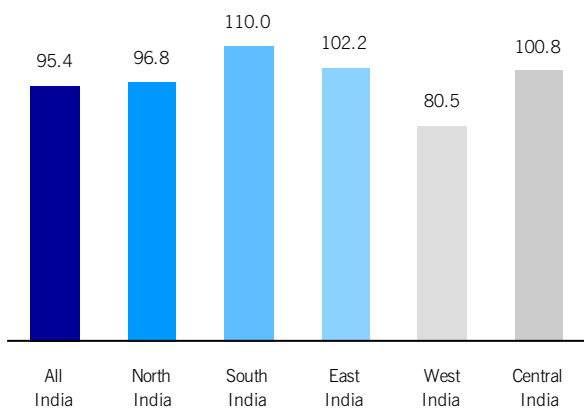
Inflation Expectations Indicator



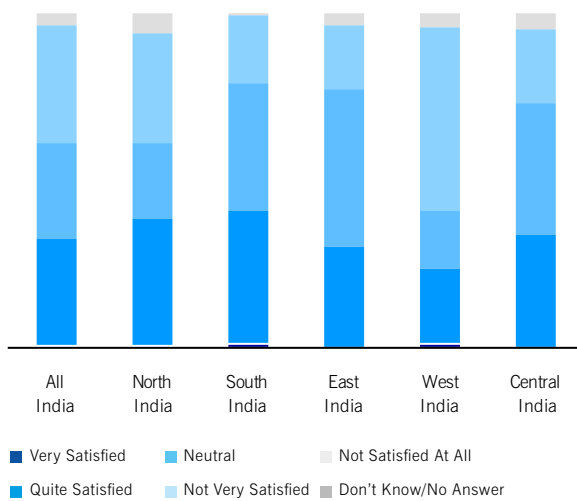
Inflation Expectations in 12 Months (% of Households)



Satisfaction with Current Prices Indicator



Satisfaction with Current Prices (% of Households)



Interest Rate Expectations Lowest Since September 2014



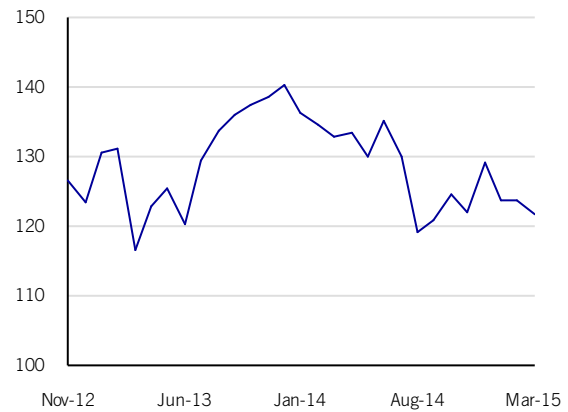
With the Reserve Bank of India already having cut interest rates twice this year, fewer consumers expected interest rates to rise in the next 12 months.

The Interest Rates Expectations Indicator declined to 121.9 from 124.0 in February, 8.3% below the level seen a year ago and 5.3% below the series average.

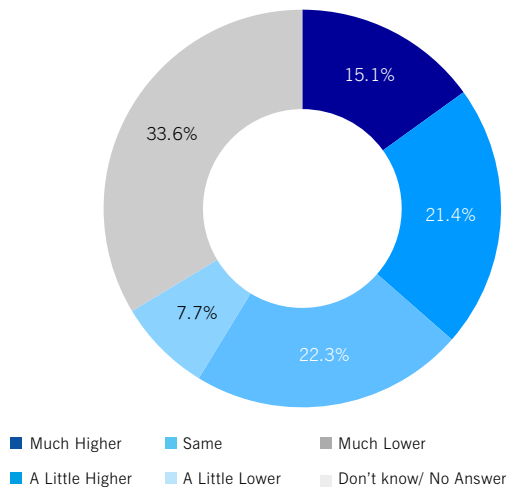
Raghuram Rajan has cut the interest rate twice since he took over as the Governor of the RBI after successfully bringing down inflation which was plaguing the Indian economy when he was appointed in September 2013. Evidence from both our business and consumer surveys suggests that inflationary pressures have waned since last year and more consumers and business have anchored their inflation expectations to a lower level, creating some space for the RBI to cut the interest rate further this year.

While the RBI chose to leave the key repo rate unchanged at its monetary policy review on April 7, it vowed to keep monetary policy accommodative and left open the opportunity to additional easing should the conditions warrant it. Consequently, we could see expectations for interest rates fall further over the coming months.

Interest Rate Expectations Indicator



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



Interest Rate Expectations

	Mar-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15
Interest Rate Expectations	133.0	124.6	122.0	129.4	123.9	124.0	121.9

With Indian stock markets rallying in early March...

...the majority of respondents thought that stock prices were expensive.

Stock Investment Indicator Highest in Six Months



Sentiment surrounding the stock market rose sharply in March to the highest since September 2014. The Stock Investment Indicator, a gauge of whether it is a good or bad time to invest in the stock market rose to 126.0 from 114.7 in February, substantially above the last year's average of 112.2.

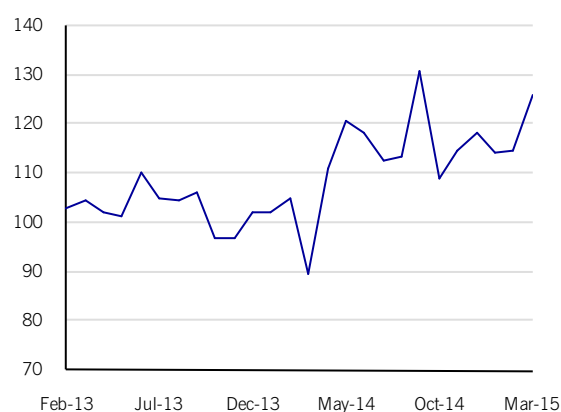
Stock Price Sentiment, which measures whether equity prices are high or low, rose sharply to 129.0 from 121.9 in February. With Indian stock markets rallying in early March, the majority of respondents thought that stock prices were expensive.

During our survey period the benchmark BSE Sensex reached an all-time high of 30,024.74 on March 4 following the Budget and the rate cut by the RBI. In particular, shares in companies specialising in cement, construction and capital goods surged after the government unveiled measures for the infrastructure sector and sharply increased its capital expenditure for the 2015-16 fiscal year.

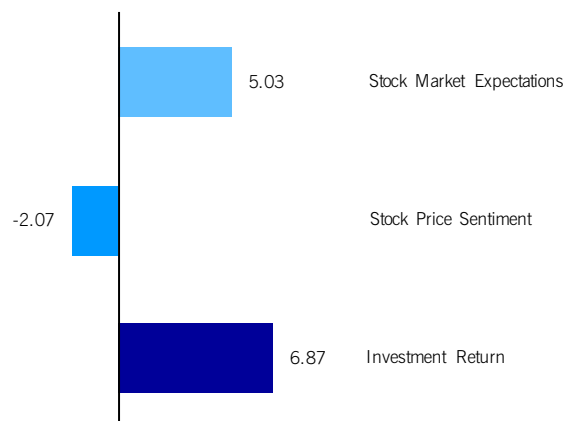
The Stock Market Expectations component, which shows whether consumers think stock prices will rise or fall in the next three months, accelerated to 154.4 from 137.1 in February as nearly all respondents were bullish about the stock market over the next three months.

The Stock Investment Return component, a measure of the amount of profit or loss in investments over the past year, jumped to 152.5, offsetting the previous months' decline to 128.9 as the majority of respondents made a profit on their investments in March.

Stock Investment Indicator



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



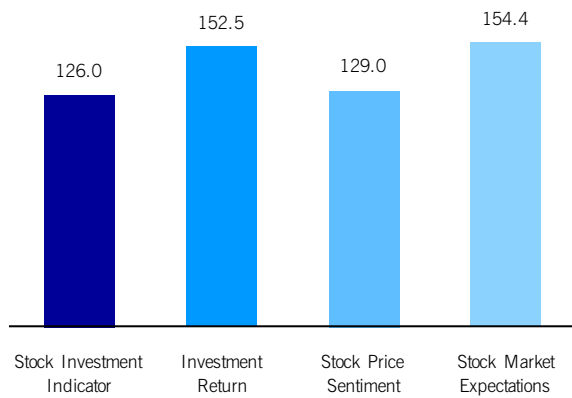
Investment Sentiment

	Mar-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15
Investment Sentiment Indicator	89.7	108.9	114.8	118.5	114.5	114.7	126.0
Investment Return	82.7	109.1	144.3	158.2	140.4	128.9	152.5
Stock Price Sentiment	128.6	111.8	131.8	145.5	145.9	121.9	129.0
Stock Market Expectations	114.9	129.2	131.8	142.8	148.9	137.1	154.4

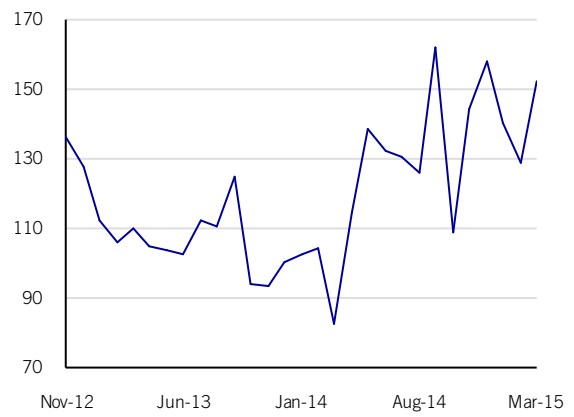
Stock Investment Indicator Components



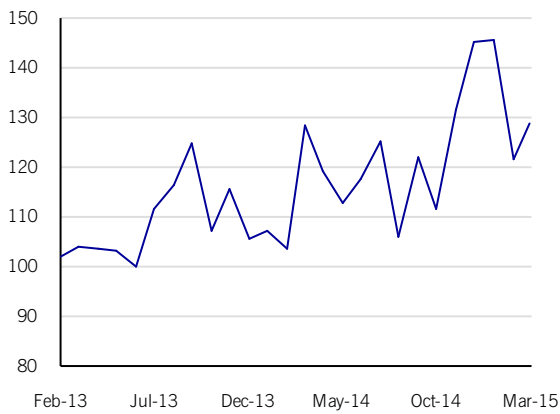
Stock Investment Indicator - Components



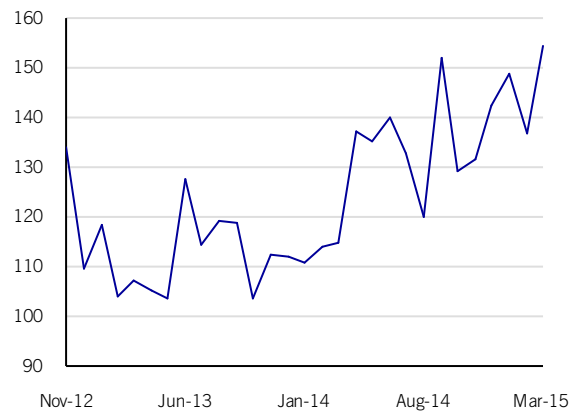
Investment Return



Stock Price Sentiment



Stock Market Expectations



More than 70% of respondents expected house prices to rise in the next six months...

...the lowest proportion in four months.

Real Estate Investment Indicator

House Buying Sentiment Trails



Sentiment towards house purchases declined in March with the impact of the January interest rate cut fading and the March easing failing to improve confidence.

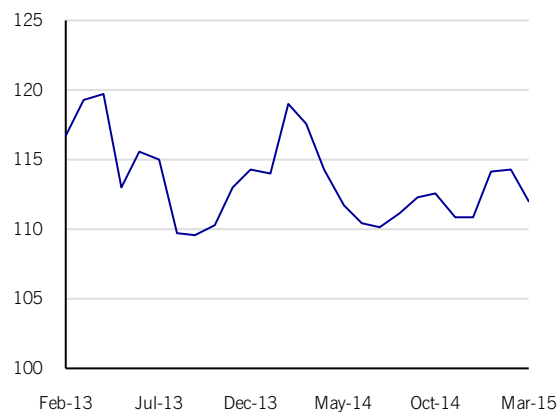
The Real Estate Investment Indicator, which is made up of three components (House Price Expectations, House Buying Sentiment and House Selling Sentiment), fell to a three-month low of 112.1 from 114.5 in February.

The House Price Expectations component fell for the third consecutive month to 149.9 from 151.8 in February. More than 70% of respondents expected house prices to rise in the next six months, the lowest proportion in four months.

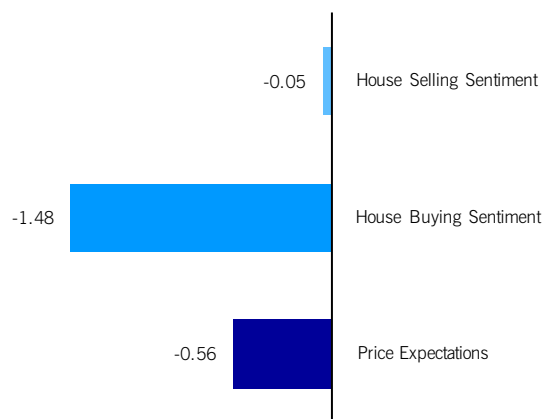
House Buying Sentiment, a measure of whether it is a good or bad time to buy a home in the next six months, eased to a three-month low of 91.5 from 96.6 in the previous month. The majority attributed lower willingness to buy a house to high house prices. Since the start of the survey, consumer confidence surrounding house purchases has fallen significantly, mainly due to high interest rates which have made mortgages costly. While the two rate cuts by the Reserve Bank of India haven't yet managed to boost sentiment, these cuts and possible further policy easing should help to underpin housing sentiment in 2015.

House Selling Sentiment, a measure of whether it is a good or bad time to sell a house in the next six months, stood at 105.0 compared with 104.9 in February.

Real Estate Investment Indicator



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



Real Estate Investment Sentiment

	Mar-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15
Real Estate Investment Sentiment	117.8	112.6	111.0	111.0	114.2	114.5	112.1
Price Expectations	148.6	149.6	144.0	154.2	153.6	151.8	149.9
House Buying	102.8	98.4	92.1	89.3	94.6	96.6	91.5
House Selling	98.2	110.0	103.2	110.7	105.5	104.9	105.0

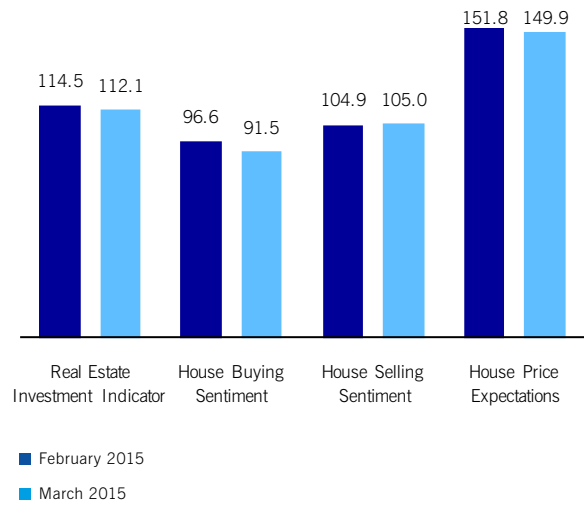
Real Estate Investment Indicator Components and Balances



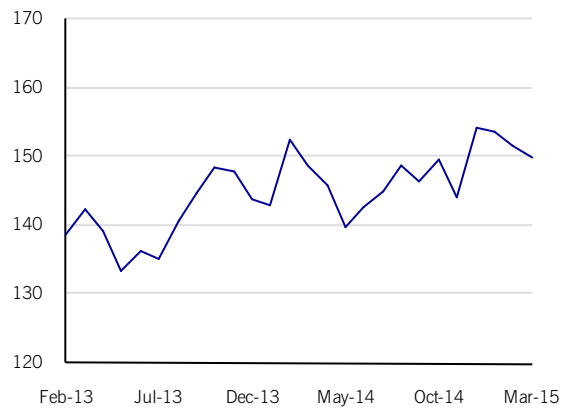
Regions

Sentiment surrounding the real estate market declined across all regions of India. The greatest decline was in Central India, where the Real Estate Investment Indicator hit the lowest on record as fewer expected house prices would rise and more thought it was a good time to sell a house. In contrast, respondents from South India became less pessimistic about purchasing a house in the next six months due to a fall in House Buying Sentiment below the 100 dividing mark while expectations about future house prices also eased.

Real Estate Investment Indicator - Components

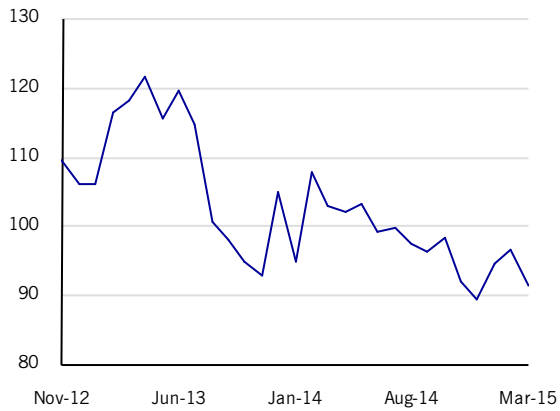


Real Estate Prices: Expected Changes in Next 6 Months

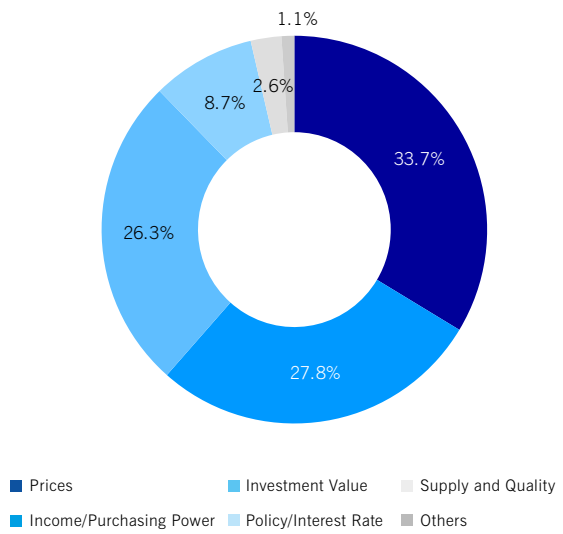




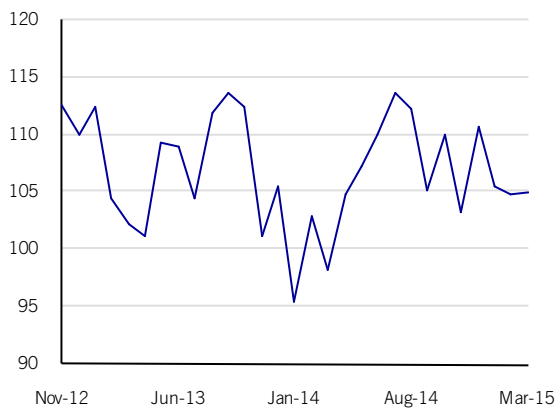
House Buying Sentiment



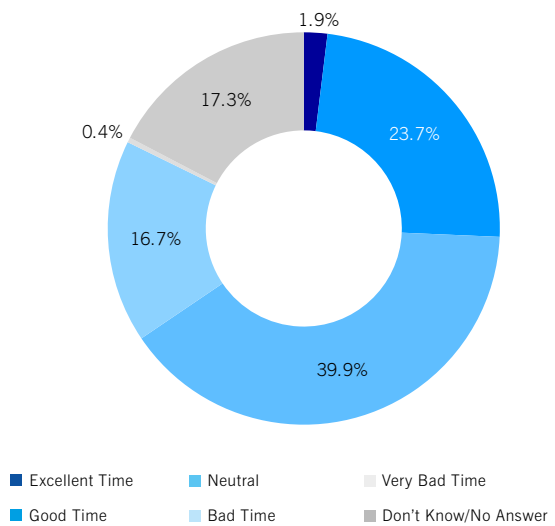
Reasons for Buying Houses (% of Households)



House Selling Sentiment



Timing for Selling Houses (% of Households)



Car Purchase Indicator

Three-Month Low



The Car Purchase Indicator fell significantly to 96.5 from February's record high of 108.1 as fewer respondents expressed willingness to purchase a car and amid greater expectations that gasoline prices would pick-up.

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 100.7 from 105.8 in February.

After hitting a record low in September 2013, the Car Purchase Indicator has risen sharply, though mostly due to lower expectations for gasoline prices. In spite of this month's fall, the Car Purchase Indicator averaged 102.9 in the quarter ending March; the highest since the start of the survey.

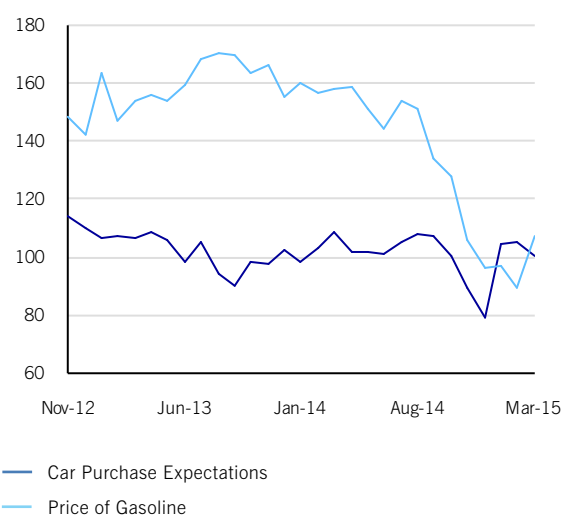
Of those who felt it was a good time to purchase a car, a growing proportion reported that it was because interest rates were more favourable. But of those who felt it was a bad time to purchase a car, the majority attributed it to poor supply and quality.

Official car sales in India rose by 6.9% on the year in February following a rise of 3.1% on the year in January. In 2014, car sales increased by 2.5% to 1.85 million units compared with a contraction of almost 10% a year earlier as the government temporarily lowered excise taxes. In addition,

Car Purchase Indicator



Car Purchase Indicator - Components



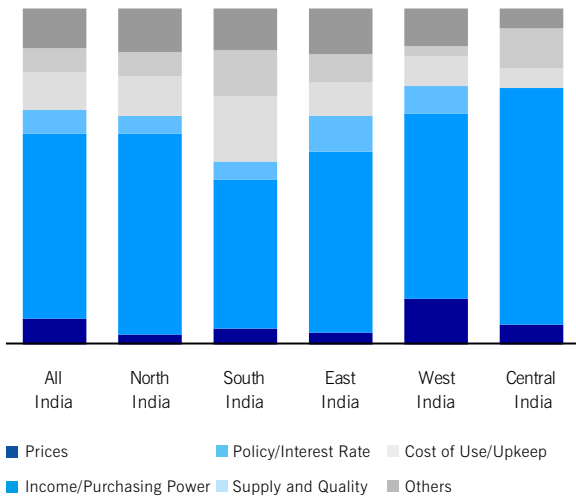
Car Purchase Sentiment

	Mar-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15
Car Purchase Sentiment	75.3	86.1	91.7	91.4	104.0	108.1	96.5
Car Purchase Expectations	108.9	100.8	89.8	79.7	105.1	105.8	100.7
Price of Gasoline	158.3	128.5	106.3	96.9	97.0	89.5	107.6

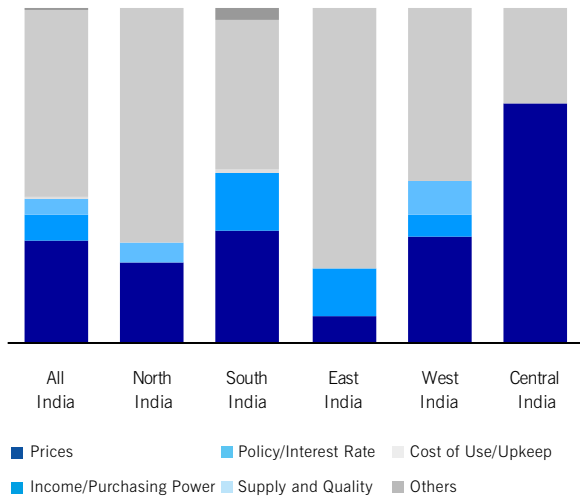
Car Purchase Indicator Regions



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



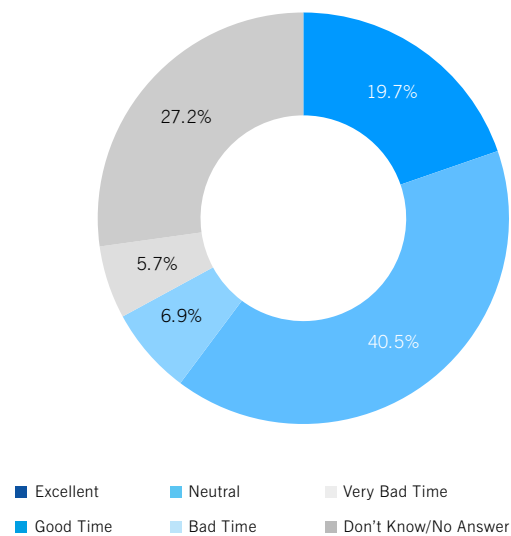
Reasons for a Bad Time to Buy a Car (% of Households)



consumers also benefitted from a reduction in fuel prices in 2014. The MNI Consumer Sentiment indicator has followed the trend in car sales closely since the start of the survey but has diverged in the last six months due to removal of duty concessions on cars at the end of 2014.

Amid the fall in global oil prices and subsequent deregulation of fuel prices, expectations for the Price of Gasoline have fallen considerably, especially during the second half of last year. Expectations rose for the first time in four months with the indicator rising above the 100 mark to 107.6 from a series low of 89.5 in February, suggesting a normalisation of expectations.

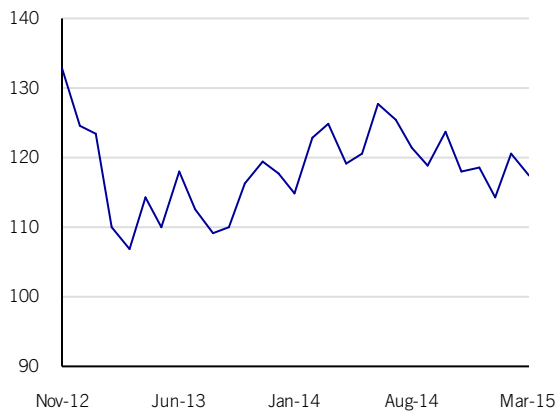
Is it a Good Time to Buy a Car? (% of Households)



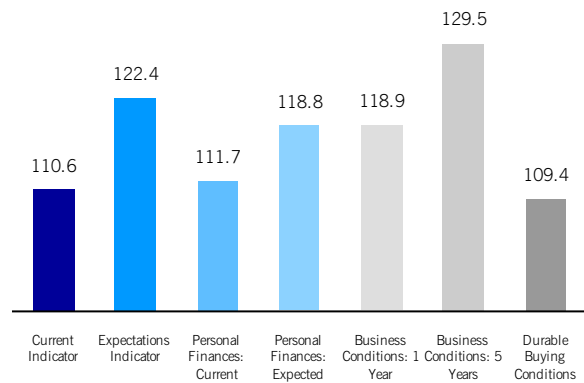
MNI India Consumer Indicator Regions



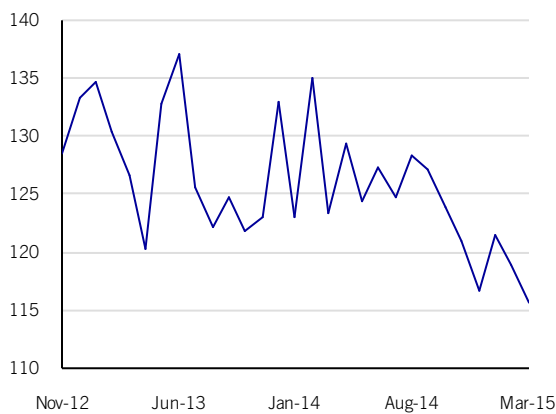
Consumer Indicator: North India



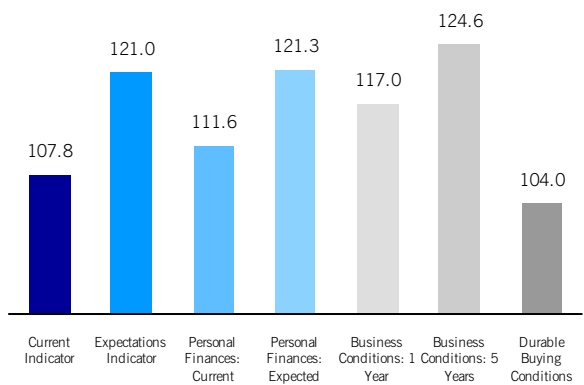
Consumer Indicator Components: North India



Consumer Indicator: South India

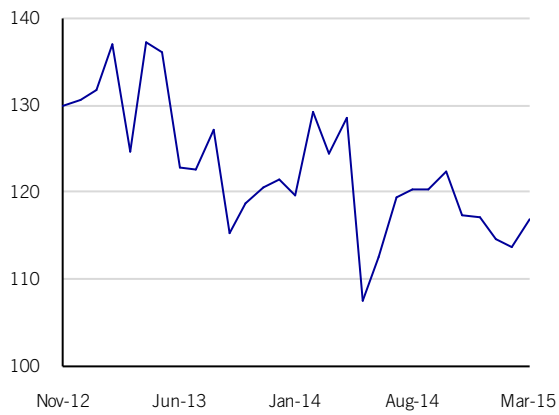


Consumer Indicator Components: South India

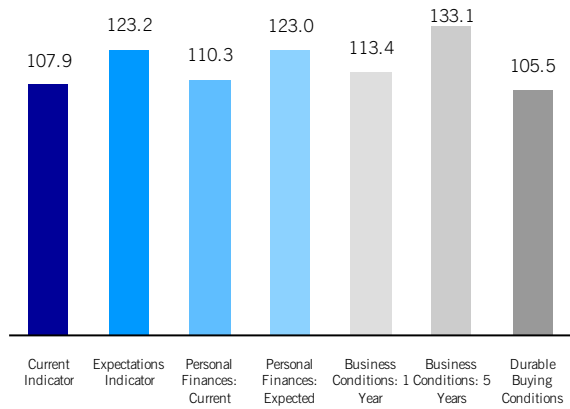




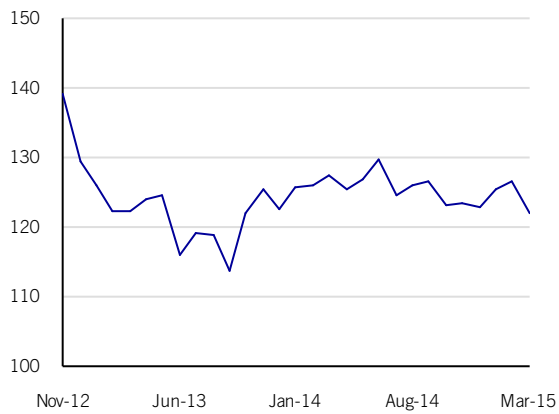
Consumer Indicator: East India



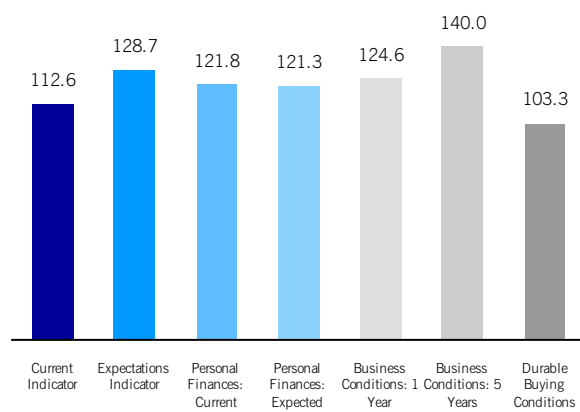
Consumer Indicator Components: East India



Consumer Indicator: West India

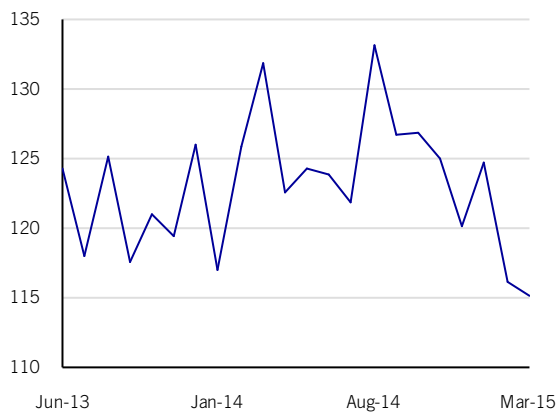


Consumer Indicator Components: West India

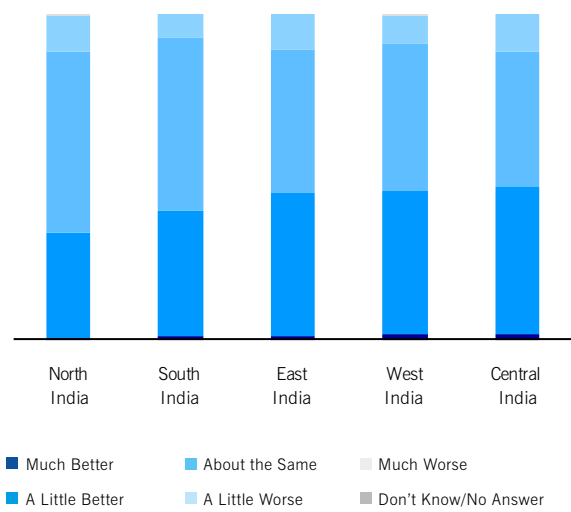




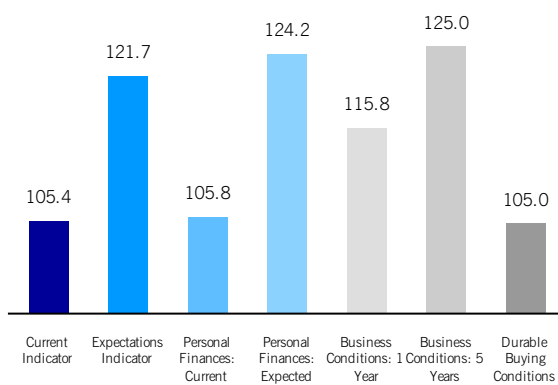
Consumer Indicator: Central India



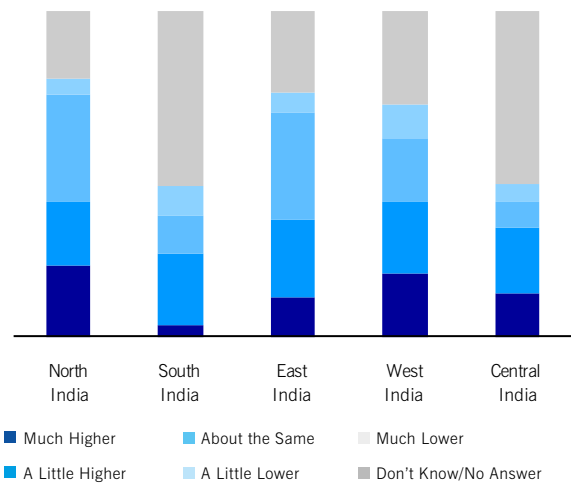
Employment Outlook for the Next 12 Months (% of Households)



Consumer Indicator Components: Central India

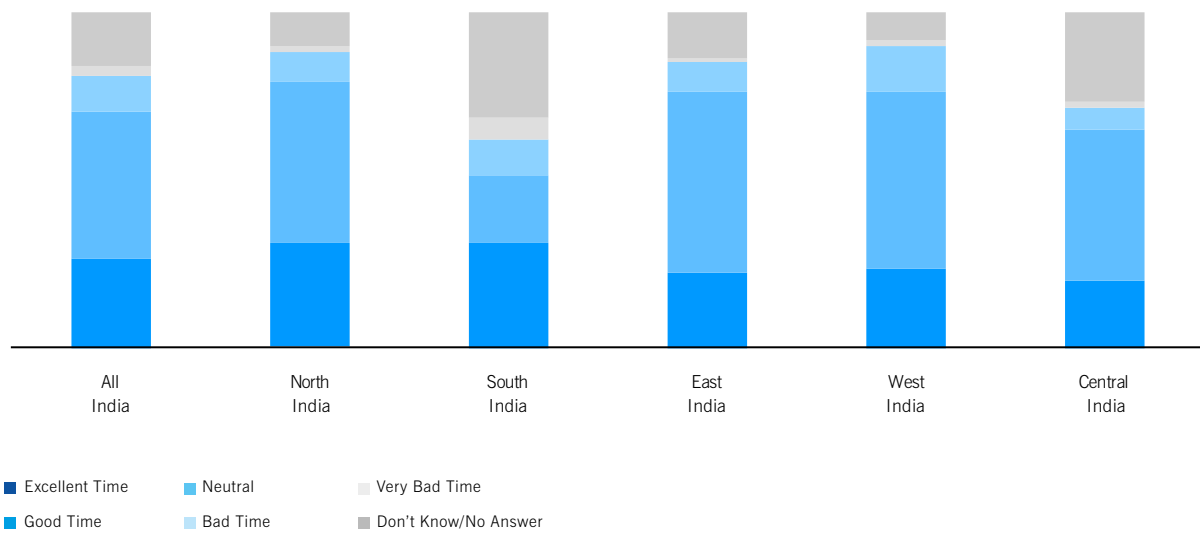


Interest Rate Expectations on House and Car Loans Indicator (% of Households)

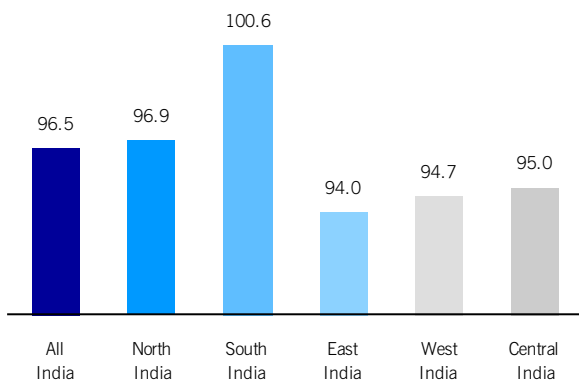




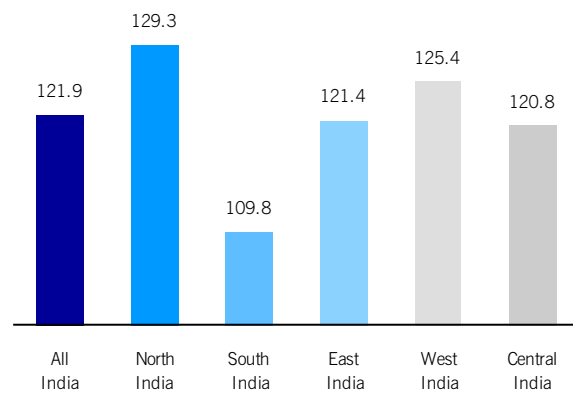
Is it a Good/Bad Time to Buy Large Household Goods? (% of Households)



Car Purchase Indicator - Regions



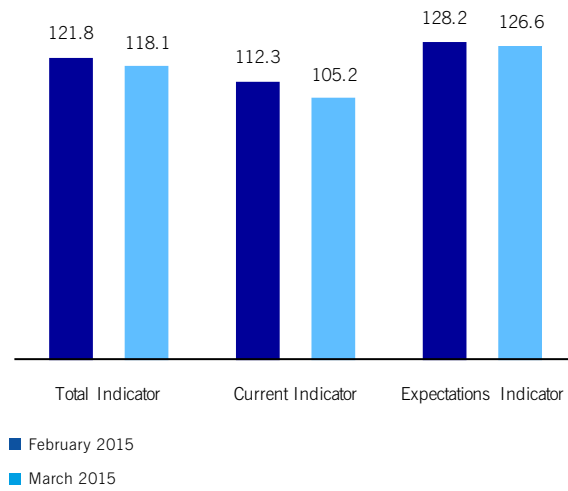
Interest Rates Expectations (% of Households)



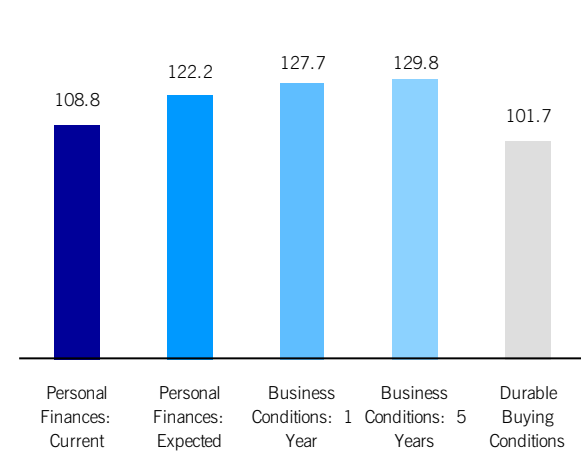
MNI India Consumer Indicator Income Groups



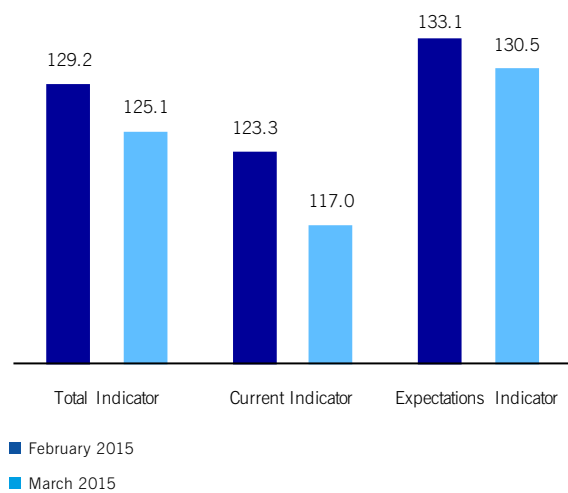
< Rs. 432,000 per annum



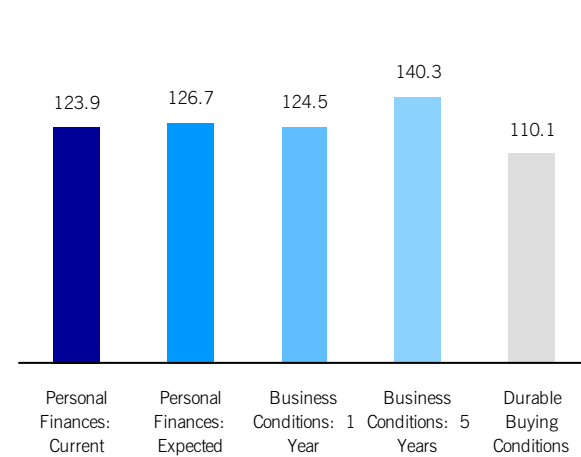
< Rs. 432,000 - Components



> Rs. 432,000 per annum



> Rs. 432,000 - Components



Both high and low-income households were less confident in March.

Even so, consumer sentiment has fallen more rapidly over the past year among those in the low income group.



Data Tables

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

North India Overview

	Jan-15	Feb-15	Mar-15	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
North India Consumer Indicator	114.5	120.8	117.6	-	Jan-15	117.6	-3.2	-2.6%
Current Indicator	110.0	114.8	110.6	-	Jan-15	111.8	-4.2	-3.7%
Expectations Indicator	117.5	124.8	122.4	-	Jan-15	121.6	-2.4	-1.9%
Personal Finance: Current	112.6	117.5	111.7	-	Aug-14	113.9	-5.8	-4.9%
Personal Finance: Expected	117.6	123.1	118.8	-	Jan-15	119.8	-4.3	-3.5%
Business Condition: 1 Year	112.5	123.3	118.9	-	Jan-15	118.2	-4.4	-3.6%
Business Condition: 5 Years	122.3	127.9	129.5	Dec-14	-	126.6	1.6	1.2%
Durable Buying Conditions	107.5	112.2	109.4	-	Jan-15	109.7	-2.8	-2.5%
Current Business Conditions Indicator	103.3	114.2	106.4	-	Jan-15	108.0	-7.8	-6.8%
Stock Investment Indicator	123.2	94.5	130.7	Sep-14	-	116.1	36.2	38.3%
Real Estate Investment Indicator	114.6	118.0	117.1	-	Jan-15	116.6	-0.9	-0.7%
Car Purchase Indicator	102.9	103.9	96.9	-	Dec-14	101.2	-7.0	-6.7%
Employment Outlook Indicator	113.7	118.1	110.8	-	Nov-14	114.2	-7.3	-6.2%
Inflation Expectations Indicator	129.1	115.7	128.8	Jan-15	-	124.5	13.1	11.3%
Current Prices Satisfaction Indicator	83.2	98.8	96.8	-	Jan-15	92.9	-2.0	-1.9%
Interest Rates Expectations Indicator	133.9	135.6	129.3	-	Oct-14	132.9	-6.3	-4.7%

South India Overview

	Jan-15	Feb-15	Mar-15	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
South India Consumer Indicator	121.5	119.0	115.7	-	series low	118.7	-3.3	-2.7%
Current Indicator	112.7	114.3	107.8	-	Dec-14	111.6	-6.5	-5.7%
Expectations Indicator	127.3	122.1	121.0	-	series low	123.5	-1.1	-0.9%
Personal Finance: Current	109.8	112.8	111.6	-	Jan-15	111.4	-1.2	-1.1%
Personal Finance: Expected	132.0	126.8	121.3	-	May-14	126.7	-5.5	-4.3%
Business Condition: 1 Year	120.1	115.8	117.0	Jan-15	-	117.6	1.2	1.1%
Business Condition: 5 Years	129.9	123.7	124.6	Jan-15	-	126.1	0.9	0.7%
Durable Buying Conditions	115.6	115.8	104.0	-	Dec-14	111.8	-11.8	-10.2%
Current Business Conditions Indicator	118.1	118.4	107.6	-	Apr-14	114.7	-10.8	-9.1%
Stock Investment Indicator	116.7	116.7	-	-	-	-	-	-
Real Estate Investment Indicator	113.8	111.3	107.7	-	Dec-14	110.9	-3.6	-3.2%
Car Purchase Indicator	104.5	113.0	100.6	-	Dec-14	106.0	-12.4	-11.0%
Employment Outlook Indicator	129.0	125.3	116.7	-	Nov-14	123.7	-8.6	-6.9%
Inflation Expectations Indicator	137.4	134.2	137.2	Jan-15	-	136.3	3.0	2.3%
Current Prices Satisfaction Indicator	117.0	113.7	110.0	-	Dec-14	113.6	-3.7	-3.3%
Interest Rates Expectations Indicator	109.2	98.5	109.8	Dec-14	-	105.8	11.3	11.5%

East India Overview

	Jan-15	Feb-15	Mar-15	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
East India Consumer Indicator	114.7	113.9	117.1	Dec-14	-	115.2	3.2	2.8%
Current Indicator	104.5	107.0	107.9	Nov-14	-	106.5	0.9	0.9%
Expectations Indicator	121.4	118.5	123.2	Dec-14	-	121.0	4.7	4.0%
Personal Finance: Current	105.3	108.6	110.3	Dec-14	-	108.1	1.7	1.6%
Personal Finance: Expected	123.9	117.4	123.0	Jan-15	-	121.4	5.6	4.8%
Business Condition: 1 Year	113.2	106.7	113.4	Oct-14	-	111.1	6.7	6.3%
Business Condition: 5 Years	127.2	131.4	133.1	Dec-14	-	130.6	1.7	1.3%
Durable Buying Conditions	103.8	105.4	105.5	Sep-14	-	104.9	0.1	0.1%
Current Business Conditions Indicator	108.0	111.2	113.7	Dec-14	-	111.0	2.5	2.2%
Stock Investment Indicator	-	116.7	116.7	Sep-14	-	77.8	0.0	0.0%
Real Estate Investment Indicator	111.5	112.8	109.7	-	Dec-14	111.3	-3.1	-2.7%
Car Purchase Indicator	98.1	105.0	94.0	-	Dec-14	99.0	-11.0	-10.5%
Employment Outlook Indicator	122.2	119.3	117.9	-	Nov-14	119.8	-1.4	-1.2%
Inflation Expectations Indicator	107.6	115.7	126.3	Sep-14	-	116.5	10.6	9.2%
Current Prices Satisfaction Indicator	104.1	99.0	102.2	Jan-15	-	101.8	3.2	3.2%
Interest Rates Expectations Indicator	113.6	125.2	121.4	-	Jan-15	120.1	-3.8	-3.0%

West India Overview

	Jan-15	Feb-15	Mar-15	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
West India Consumer Indicator	125.5	126.7	122.2	-	Oct-13	124.8	-4.5	-3.5%
Current Indicator	115.9	118.7	112.6	-	Dec-14	115.7	-6.1	-5.2%
Expectations Indicator	131.9	131.9	128.7	-	Dec-13	130.8	-3.2	-2.5%
Personal Finance: Current	117.5	122.1	121.8	-	Jan-15	120.5	-0.3	-0.2%
Personal Finance: Expected	122.9	125.1	121.3	-	Sep-13	123.1	-3.8	-3.0%
Business Condition: 1 Year	126.7	125.9	124.6	-	Dec-14	125.7	-1.3	-1.0%
Business Condition: 5 Years	146.1	144.8	140.0	-	Sep-14	143.6	-4.8	-3.3%
Durable Buying Conditions	114.2	115.4	103.3	-	Dec-14	111.0	-12.1	-10.5%
Current Business Conditions Indicator	115.8	121.4	114.6	-	Nov-14	117.3	-6.8	-5.6%
Stock Investment Indicator	111.9	119.7	128.0	Sep-14	-	119.9	8.3	6.9%
Real Estate Investment Indicator	115.8	114.9	113.2	-	Nov-14	114.6	-1.7	-1.5%
Car Purchase Indicator	105.7	109.0	94.7	-	Dec-14	103.1	-14.3	-13.1%
Employment Outlook Indicator	125.7	123.6	119.1	-	Nov-14	122.8	-4.5	-3.6%
Inflation Expectations Indicator	124.2	113.3	135.3	May-14	-	124.3	22.0	19.4%
Current Prices Satisfaction Indicator	91.1	94.2	80.5	-	Oct-14	88.6	-13.7	-14.6%
Interest Rates Expectations Indicator	128.5	131.8	125.4	-	Nov-14	128.6	-6.4	-4.9%

Central India Overview

	Jan-15	Feb-15	Mar-15	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
Central India Consumer Indicator	124.8	116.2	115.2	-	series low	118.7	-1.0	-0.9%
Current Indicator	116.8	103.3	105.4	Jan-15	-	108.5	2.1	2.0%
Expectations Indicator	130.2	124.8	121.7	-	Jul-13	125.6	-3.1	-2.5%
Personal Finance: Current	125.0	105.7	105.8	Jan-15	-	112.2	0.1	0.2%
Personal Finance: Expected	128.4	119.8	124.2	Jan-15	-	124.1	4.4	3.6%
Business Condition: 1 Year	121.6	121.7	115.8	-	Dec-14	119.7	-5.9	-4.8%
Business Condition: 5 Years	140.5	133.0	125.0	-	Oct-13	132.8	-8.0	-6.0%
Durable Buying Conditions	108.6	100.9	105.0	Jan-15	-	104.8	4.1	4.0%
Current Business Conditions Indicator	118.1	115.1	105.8	-	Sep-14	113.0	-9.3	-8.0%
Stock Investment Indicator	-	-	-	-	-	-	-	-
Real Estate Investment Indicator	111.5	114.2	107.2	-	series low	111.0	-7.0	-6.1%
Car Purchase Indicator	110.3	109.0	95.0	-	Dec-14	104.8	-14.0	-12.8%
Employment Outlook Indicator	119.8	118.9	118.3	-	Nov-14	119.0	-0.6	-0.4%
Inflation Expectations Indicator	131.9	121.7	132.5	Oct-14	-	128.7	10.8	8.9%
Current Prices Satisfaction Indicator	82.8	92.5	100.8	Apr-13	-	92.0	8.3	9.1%
Interest Rates Expectations Indicator	137.1	129.2	120.8	-	Jul-13	129.0	-8.4	-6.5%

All India - Overview by Age

	Jan-15	Feb-15	Mar-15	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
Age 18-34								
MNI India Consumer Indicator	122.6	122.2	120.3	-	Sep-13	121.7	-1.9	-1.5%
Current Indicator	113.6	115.8	110.1	-	Dec-14	113.2	-5.7	-4.9%
Expectations Indicator	128.7	126.5	127.2	Jan-15	-	127.5	0.7	0.5%
Personal Finance: Current	113.5	116.8	115.7	-	Jan-15	115.3	-1.1	-1.0%
Personal Finance: Expected	126.4	125.6	123.3	-	Sep-13	125.1	-2.3	-1.8%
Business Condition: 1 Year	122.6	119.9	122.0	Jan-15	-	121.5	2.1	1.8%
Business Condition: 5 Years	136.9	133.9	136.1	Jan-15	-	135.6	2.2	1.6%
Durable Buying Conditions	113.6	114.8	104.5	-	Dec-14	111.0	-10.3	-9.0%
Age 35-54								
MNI India Consumer Indicator	120.4	120.2	117.8	-	Sep-13	119.5	-2.4	-2.0%
Current Indicator	112.1	113.1	110.0	-	Dec-14	111.7	-3.1	-2.7%
Expectations Indicator	125.9	125.0	123.0	-	Sep-13	124.6	-2.0	-1.6%
Personal Finance: Current	114.8	116.5	115.2	-	Jan-15	115.5	-1.3	-1.1%
Personal Finance: Expected	126.4	123.7	120.2	-	May-14	123.4	-3.5	-2.8%
Business Condition: 1 Year	118.1	118.9	118.7	-	Jan-15	118.6	-0.2	-0.2%
Business Condition: 5 Years	133.3	132.4	130.1	-	Sep-13	131.9	-2.3	-1.7%
Durable Buying Conditions	109.3	109.7	104.9	-	Dec-14	108.0	-4.8	-4.4%
Age 55-64								
MNI India Consumer Indicator	116.5	122.1	116.7	-	Jan-15	118.4	-5.4	-4.4%
Current Indicator	110.4	115.4	109.3	-	Dec-14	111.7	-6.1	-5.3%
Expectations Indicator	120.6	126.6	121.7	-	Jan-15	123.0	-4.9	-3.9%
Personal Finance: Current	109.6	115.1	109.8	-	Jan-15	111.5	-5.3	-4.6%
Personal Finance: Expected	115.3	120.0	119.0	-	Jan-15	118.1	-1.0	-0.8%
Business Condition: 1 Year	117.6	124.6	116.4	-	Nov-14	119.5	-8.2	-6.6%
Business Condition: 5 Years	128.8	135.3	129.6	-	Jan-15	131.2	-5.7	-4.2%
Durable Buying Conditions	111.3	115.6	108.8	-	Dec-14	111.9	-6.8	-5.9%

All India - Overview by Income

	Jan-15	Feb-15	Mar-15	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
< Rs. 432,000 per annum								
MNI India Consumer Indicator	114.9	121.8	118.1	-	Jan-15	118.3	-3.7	-3.1%
Current Indicator	108.8	112.3	105.2	-	Dec-14	108.8	-7.1	-6.3%
Expectations Indicator	119.0	128.2	126.6	-	Jan-15	124.6	-1.6	-1.2%
Personal Finance: Current	109.2	106.6	108.8	Jan-15	-	108.2	2.2	2.1%
Personal Finance: Expected	118.5	121.1	122.2	Dec-14	-	120.6	1.1	0.9%
Business Condition: 1 Year	117.3	125.3	127.7	Oct-14	-	123.4	2.4	1.9%
Business Condition: 5 Year	121.2	138.1	129.8	-	Jan-15	129.7	-8.3	-6.0%
Durable Buying Conditions	108.4	118.0	101.7	-	Dec-14	109.4	-16.3	-13.9%
> Rs. 432,000 per annum								
MNI India Consumer Indicator	127.9	129.2	125.1	-	Jan-14	127.4	-4.1	-3.1%
Current Indicator	120.3	123.3	117.0	-	Jan-14	120.2	-6.3	-5.1%
Expectations Indicator	132.9	133.1	130.5	-	Jan-14	132.2	-2.6	-1.9%
Personal Finance: Current	123.0	124.1	123.9	-	Jan-15	123.7	-0.2	-0.2%
Personal Finance: Expected	134.9	131.3	126.7	-	Jan-14	131.0	-4.6	-3.5%
Business Condition: 1 Year	124.3	127.6	124.5	-	Jan-15	125.5	-3.1	-2.5%
Business Condition: 5 Year	139.5	140.3	140.3	Dec-14	-	140.0	0.0	0.1%
Durable Buying Conditions	117.5	122.4	110.1	-	May-14	116.7	-12.3	-10.0%

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.



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