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MNI India Consumer Report April 2015

Insight and data for better decisions

About MNI Indicators

Insight and data for better decisions

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

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

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

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MNI India Consumer Report - April 2015

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Business Trips

Even the harshest critiques of the incumbent government would agree that India has a new sense of vigour in engagement with its neighbours and the world after Narendra Modi became Prime Minister.

Even the harshest critiques of the incumbent government would agree that India has a new sense of vigour in engagement with its neighbours and the world after Narendra Modi became Prime Minister. It is now playing an important and engaging role on the global stage, showcasing itself as a market with huge potential and doing well at attracting much needed investment.

On his recent visit to France, Germany and Canada, Modi announced key foreign investment plans. "Make in India" was the main theme. India and France signed 20 agreements covering areas like civil nuclear energy, urban development, railways, and space. France also pledged to invest €2 billion to develop three smart cities in India. In addition, France's Airbus, a leading aircraft manufacturer, gave its stamp of approval to Modi's vision by announcing plans to outsource building contracts worth €2 billion to India over the next five years.

In Germany, Modi made a strong pitch seeking to emulate Germany's leading role as the manufacturing hub of Europe and the world. No formal pacts were signed between the governments but they announced a strengthening in cooperation across sectors like science, skill development and energy.

Modi became the first Prime Minister to visit Canada in 42 years - a country home to a large Indian diaspora. The most significant announcement was an agreement with Cameco, Canada's biggest uranium producer for a five year supply of uranium to Indian nuclear reactors, a huge initiative to solve energy and power generation problems in India. The nuclear component of India's energy production is currently under 3% at 6000 MW and it expects to have 45,000 MW of nuclear capacity by 2032, provided it has assured uranium fuel supplies. Further cooperation agreements were signed in areas of railways, civil aviation, cyber security cooperation and skills development.

So far Prime Minister Modi's ability to woo foreign governments appears to be proving a success at winning vital investment for India. His continuing success, though, relies on his ability to also change and modernise India's domestic economy and most notably make the environment for business far easier.

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MNI Indicators



Executive Summary

The MNI India Consumer Sentiment Indicator rose by 3% to 122.1 in April from 118.5 in March.

The MNI India Consumer Sentiment Indicator rose by 3% to 122.1 in April from 118.5 in March with respondents more optimistic about their current circumstances, underpinned by the recent easing in the key interest rate by the Reserve Bank of India in March.

While overall consumer sentiment was above the 100 breakeven level, meaning that optimists outnumbered pessimists, it was still down 2.5% on the year and below the series average of 123.1.

Consumers' assessment of current conditions rose to a seven-month high of 115.7 in April as consumers have reacted positively to the two cuts in benchmark interest rates since the start of the year. There was also greater optimism about the future, with the Expectations Indicator rising for the first time this year. The stabilisation in consumer sentiment following last year's slide could mark a turning point in India.

With consumers feeling financially better off in April, more of them were willing to shell out on large household items. The Durable Buying Conditions Indicator rose to a seven-month high of 113.0 in April, up 6.2% on the year. There was also good news for the automobile industry as consumers were more enthusiastic about making a car purchase in the next 12 months as the cut in benchmark rates lowered borrowing costs.

Respondents were more satisfied with the current business environment. The Current Business Conditions Indicator was up by 7.5% on the year. This was in contrast with expectations for future business conditions as Expectations for Business Conditions in One Year and Five Years were both down by 2% and 4.8% on the year respectively.

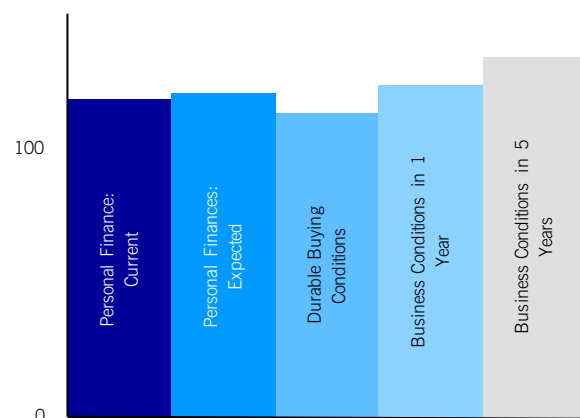
Among the three largest cities of India, consumer sentiment was highest in Mumbai. There was also a sharp rise in consumer confidence in Bengaluru which came at the second position while Delhi, the capital city, had the least optimistic residents in April.

Expectations for inflation in 12 months' time rose slightly to 134.2 in April following a double-digit rise to 132.8 in March.

Sentiment surrounding the stock market rose sharply to a record high in April. The Stock Investment Indicator, a gauge of whether it is a good or bad time to invest in the stock market rose to 131.3 from 126.0 in March.

Heightened expectations for a revival in the economy have boosted sentiment towards house prices but the two rate cuts by the Reserve Bank of India haven't yet managed to boost House Buying Sentiment.

MNI India Consumer Indicator - Components



All India - Overview

	Feb-15	Mar-15	Apr-15	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
MNI India Consumer Indicator	121.2	118.5	122.1	Oct-14	-	120.6	3.6	3.0%
Current Indicator	114.3	109.9	115.7	Sep-14	-	113.3	5.8	5.2%
Expectations Indicator	125.7	124.2	126.4	Dec-14	-	125.4	2.2	1.7%
Personal Finance: Current	116.1	114.5	118.3	Jul-14	-	116.3	3.8	3.3%
Personal Finance: Expected	123.7	121.1	120.8	-	Sep-13	121.9	-0.3	-0.2%
Business Condition: 1 Year	120.1	119.5	123.8	Oct-14	-	121.1	4.3	3.6%
Business Condition: 5 Years	133.3	132.1	134.5	Dec-14	-	133.3	2.4	1.8%
Durable Buying Conditions	112.6	105.4	113.0	Sep-14	-	110.3	7.6	7.3%
Current Business Conditions Indicator	117.2	110.3	114.4	Feb-15	-	114.0	4.1	3.6%
Stock Investment Indicator	114.7	126.0	131.3	series high	-	124.0	5.3	4.2%
Real Estate Investment Indicator	114.5	112.1	115.3	Mar-14	-	114.0	3.2	2.8%
Car Purchase Indicator	108.1	96.5	96.3	-	Dec-14	100.3	-0.2	-0.2%
Employment Outlook Indicator	121.8	116.3	120.1	Feb-15	-	119.4	3.8	3.3%
Inflation Expectations Indicator	119.6	132.8	134.2	Jul-14	-	128.9	1.4	1.1%
Current Prices Satisfaction Indicator	100.4	95.4	92.6	-	Nov-14	96.1	-2.8	-2.9%
Interest Rates Expectations Indicator	124.0	121.9	129.2	Dec-14	-	125.0	7.3	5.9%

All India - Summary

	2014									2015			
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
MNI India Consumer Indicator	125.2	122.1	126.2	124.1	125.2	124.1	123.7	120.9	119.6	120.4	121.2	118.5	122.1
Current Indicator	114.1	114.6	115.7	114.2	116.2	117.5	111.0	110.7	106.9	112.2	114.3	109.9	115.7
Expectations Indicator	132.6	127.2	133.2	130.8	131.2	128.4	132.3	127.7	128.0	125.8	125.7	124.2	126.4
Personal Finance: Current	121.8	120.6	122.9	119.1	115.4	117.1	115.4	115.6	114.4	113.3	116.1	114.5	118.3
Personal Finance: Expected	130.2	122.5	128.1	125.2	132.1	132.2	129.2	128.7	126.3	124.2	123.7	121.1	120.8
Business Condition: 1 Year	126.3	122.3	127.2	125.9	126.4	120.7	128.8	116.3	119.9	119.6	120.1	119.5	123.8
Business Condition: 5 Years	141.3	136.8	144.5	141.3	135.1	132.5	138.8	138.1	137.9	133.6	133.3	132.1	134.5
Durable Buying Conditions	106.4	108.6	108.5	109.3	116.9	118.0	106.5	105.8	99.4	111.2	112.6	105.4	113.0
Current Business Conditions Indicator	106.3	104.7	111.4	107.7	109.0	113.9	113.5	108.6	116.6	112.4	117.2	110.3	114.4
Stock Investment Indicator	110.9	120.6	118.4	112.9	113.5	130.8	108.9	114.8	118.5	114.5	114.7	126.0	131.3
Investment Return	114.6	139.1	132.8	131.1	126.5	162.4	109.1	144.3	158.2	140.4	128.9	152.5	151.0
Stock Price Sentiment	119.3	112.8	117.8	125.6	106.0	122.2	111.8	131.8	145.5	145.9	121.9	129.0	104.4
Stock Market Expectations	137.4	135.5	140.1	133.2	120.1	152.2	129.2	131.8	142.8	148.9	137.1	154.4	147.4
Real Estate Investment Indicator	114.4	111.9	110.6	110.3	111.3	112.5	112.6	111.0	111.0	114.2	114.5	112.1	115.3
House Price Expectations	145.9	139.8	142.6	144.9	148.7	146.4	149.6	144.0	154.2	153.6	151.8	149.9	152.9
House Buying Sentiment	102.1	103.2	99.1	99.7	97.4	96.2	98.4	92.1	89.3	94.6	96.6	91.5	88.9
House Selling Sentiment	104.9	107.3	110.0	113.7	112.2	105.2	110.0	103.2	110.7	105.5	104.9	105.0	96.0
Car Purchase Indicator	71.7	75.2	78.6	75.6	78.5	86.6	86.1	91.7	91.4	104.0	108.1	96.5	96.3
Car Purchase Expectations	102.3	101.8	101.7	105.4	108.5	107.6	100.8	89.8	79.7	105.1	105.8	100.7	103.8
Price of Gasoline Expectations	158.8	151.4	144.6	154.2	151.4	134.4	128.5	106.3	96.9	97.0	89.5	107.6	111.2
Employment Outlook Indicator	115.7	116.5	122.5	119.9	109.8	109.1	106.9	111.4	121.1	122.7	121.8	116.3	120.1
Inflation Expectations Indicator	152.2	146.4	131.5	137.0	133.7	131.1	127.9	119.0	123.2	126.8	119.6	132.8	134.2
Current Prices Satisfaction Indicator	66.3	63.0	69.8	72.5	68.3	78.8	81.6	89.7	97.1	96.4	100.4	95.4	92.6
Interest Rates Expectations Indicator	133.6	130.1	135.3	130.2	119.4	121.0	124.6	122.0	129.4	123.9	124.0	121.9	129.2

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	114.9
Expectations Indicator	120.3	137.3	128.1	127.5
Personal Finance: Current	113.3	135.4	120.0	118.7
Personal Finance: Expected	118.4	141.5	128.1	128.2
Business Condition: 1 Year	114.1	131.8	122.1	120.4
Business Condition: 5 Years	123.9	144.5	134.1	133.5
Durable Buying Conditions	99.4	121.1	111.3	111.5
Current Business Conditions Indicator	102.9	124.9	113.5	113.3
Stock Investment Indicator	89.7	131.3	109.8	108.9
Investment Return	82.7	162.4	120.8	113.7
Stock Price Sentiment	100.4	145.9	115.9	112.8
Stock Market Expectations	103.8	154.4	124.8	119.6
Real Estate Investment Indicator	109.7	119.9	113.7	113.2
House Price Expectations	133.3	154.2	145.2	144.9
House Buying Sentiment	88.9	121.5	102.4	100.2
House Selling Sentiment	95.5	113.7	106.5	105.5
Car Purchase Indicator	60.1	108.1	79.1	76.1
Car Purchase Expectations	79.7	114.8	102.5	103.5
Price of Gasoline Expectations	89.5	171.0	144.4	154.1
Employment Outlook Indicator	106.9	128.3	118.1	119.1
Inflation Expectations Indicator	119.0	159.2	140.7	140.4
Current Prices Satisfaction Indicator	63.0	115.9	85.5	87.9
Interest Rates Expectations Indicator	116.6	140.4	128.8	129.5

Industrial production expanded by 5% on the year in February following an increase of 2.8% in January.

More modest growth is expected in March with an unfavourable base effect coming into play.



Economic Landscape

With the Reserve Bank of India having cut interest rates twice since the start of the year, both prior to scheduled monetary policy meetings, there is a growing expectation that another cut will be at the scheduled policy review meeting on June 2.

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Moody's ratings has also revised India's sovereign rating outlook to "positive" from "stable", a step closer to an upgrade of its credit rating. It warned, however, that that a rating upgrade would be possible only if in the coming months efforts made to enhance growth and institutional reforms were realised.

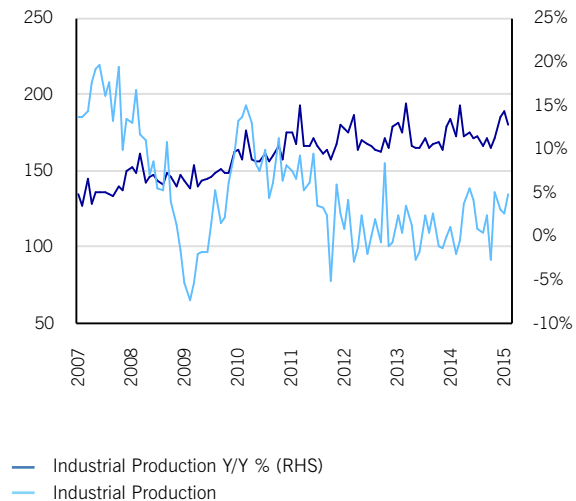
Latest economic data has been more positive. The pace of industrial production growth expanded to a three-month high in February while consumer price inflation eased in March against expectations of a further pick-up due to unseasonal rains. The RBI's quarterly measures for business and consumer confidence showed greater optimism in the first three months of the year mainly due to reduced cost pressures. Consumers remained optimistic about the outlook due to greater confidence on spending and economic conditions, but businesses reported that the outlook remained more or less the same.

Output expands at the fastest pace in three months

Industrial production expanded by 5% on the year in February following an increase of 2.8% (revised up from 2.6% previously) in January, partly owing to base effects. Accordingly, cumulative growth for the April-February period of the 2014-15 fiscal year compared with 2013-14 stood at 2.8%, up from a contraction of 0.1% a year ago. More modest growth is expected in March with an unfavourable base effect coming into play.

The rise in industrial production was led by manufacturing, which comprises around 75% of overall output. Manufacturing output grew by 5.2% on the year after increasing by 3.4% (revised from 3.3%) in the previous month. In February, 15 out of the 22 industry groups within the manufacturing sector expanded with 'Wearing apparel, dressing and dyeing of fur' witnessing the largest growth of 62% followed by a 35.8% expansion in 'Electrical machinery and apparatus'.

Industrial Production



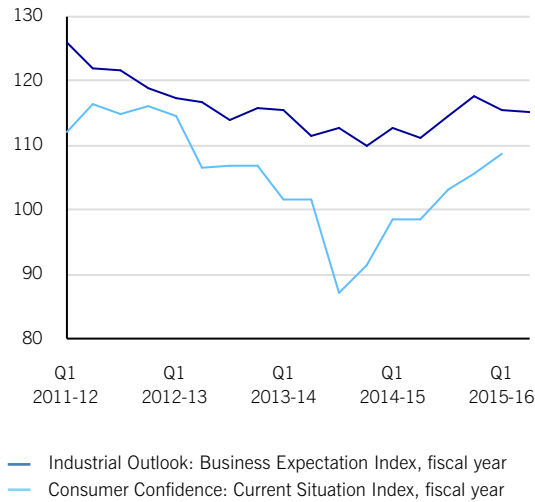
Source: Central Statistics Office

Mining output grew for the first time in three months by 2.5% on the year in January compared with a contraction of 2% (revised from -2.8%) in January. Output of consumer durables, a measure of consumer demand, continued to be a drag on industrial output as it contracted for the ninth consecutive month by 3.4% on the year, although the pace of contraction has started to ease. Capital goods output, a proxy for investment, rose by 8.8% on the year compared with 12.5% (revised from 12.8% previously) in January. This was the fourth consecutive rise, although the pace of growth has eased as on a monthly basis it contracted for the first time in four months.

RBI Industrial Outlook remains broadly unchanged

The RBI's Industrial Outlook Survey showed that the Business Expectation Index (BEI), a gauge of manufacturing business sentiment, remained broadly stable at 115.2 in the quarter ending June 2015 compared with 115.6 in the quarter ending March and was above the outturn of 111.1 recorded a year earlier. While there was reduced pessimism about the cost of raw materials, cost of finance and profit margin, optimism about production, order books, imports, exports and employment eased slightly.

RBI Business and Consumer Sentiment



Source: Reserve Bank of India

Manufacturing companies witnessed an improvement in demand during the January-March quarter to 106.7 from 104.6 in the previous quarter, the highest since June 2012. The improvement for the assessment quarter was mainly due to improved optimism in production, order books, capacity utilisation, employment, financial situation, availability of finance coupled with reduced pessimism in cost of finance, cost of raw materials and profit margin.

More up-to-date monthly data from the MNI India Business Sentiment Survey has shown the pace of growth in business confidence has eased in recent months. In March, the MNI India Business Sentiment Indicator fell to an 11-month low before rising slightly in April.

RBI Consumer Confidence improves in March

The RBI's Consumer Confidence survey showed that the Current Situation Index (CSI), an assessment of consumer sentiment, remained buoyant in the quarter ending March at 108.6, up from 105.5 in the quarter ending December. This was markedly above the 98.6 recorded in the quarter ending March a year earlier.

Respondents had positive expectations about future economic conditions and spending as the Future Expectations Index, which measures the year-ahead

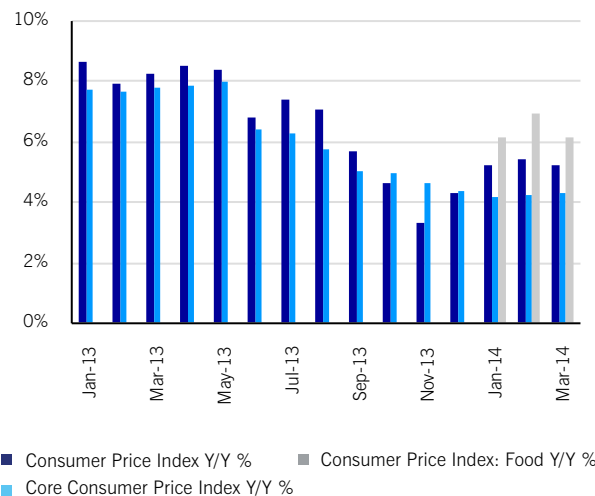
outlook, accelerated to 126.7 in March from 118.3 in the quarter ending December.

Current economic conditions compared to one year ago have shown an improvement in the last four rounds of the survey with the net response rising from 1.6 to 15.8 in the quarter ending March. Also, positive perceptions on future economic conditions, which were declining in the last three rounds, have shown a turnaround in this quarter with the net response rising to 40.4 from 34.1 in the previous quarter.

The employment outlook worsened in the March quarter compared with the previous quarter but still more than 50% of respondents expected an improvement in the employment situation one year ahead. Regarding price levels and inflation, current sentiments showed improvement while perceptions on future price levels as well as inflation deteriorated.

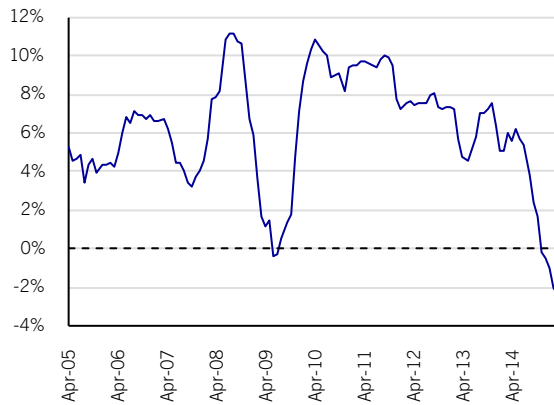
More up-to-date monthly data from the MNI India Consumer Sentiment Survey has shown confidence rising gradually in 2015, although still down on the year. In April, the MNI India Consumer Sentiment Indicator rose to a six month high, driven by higher willingness to spend, household finances and stronger expectations for future business conditions.

Consumer Inflation



Source: Central Statistics Office

Wholesale Inflation



— Wholesale Price Index Y/Y%

Source: Office of the Economic Advisor, India

Inflation eases in March

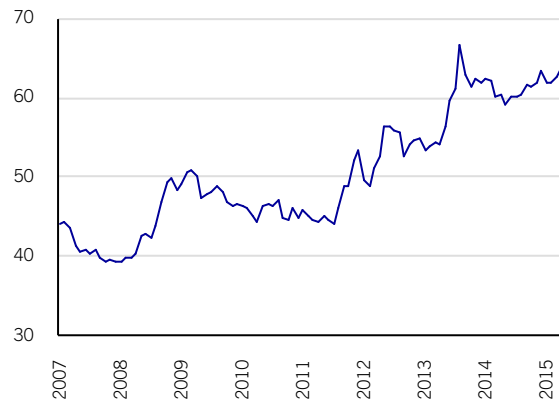
Consumer price inflation eased slightly to 5.2% in March from 5.4% in February. Food price inflation fell to 6.1% on the year compared with 6.9% in the previous month in spite of crop damage due to unseasonal rainfall. Core inflation remained unchanged at 4.1%, helped by a contraction in transport and communication prices.

The RBI expects consumer inflation to stay at current levels in the April-June quarter, helped by weak oil and food prices, but to rise to 5.8% by the end of the year.

The Central Statistics Office has 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. 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 a record low of -2.3%

Rupee Exchange Rate



— Indian rupee versus US dollar, end of period

Source: Reserve Bank of India

in March from -2.1% in February. The slowdown mainly reflects significant global commodity disinflation in fuel, food and manufactured goods. Food inflation eased to a three month low of 6.3% while fuel inflation continued to decelerate.

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 inter-meeting cut of 25 basis points just over a month ago. 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 open 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.

The central bank expects GDP to expand by 7.8% in the 2015-16 fiscal year compared with 7.5% in the previous year. 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 four-month high in March

India's trade deficit rose to a four month high of \$11.8 billion in March from \$6.8 billion in February, 7.7% above the \$11 billion shortfall recorded in March 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.

Exports were down 21.1% on the year to \$24 billion in March from \$21.5 billion in February, mainly due to volatility in the rupee and weak global demand. Imports declined by 13.4% on the year to \$35.7 billion in March due to lower commodity prices but were up from

\$28.4 billion in February mainly due to gold and silver imports which surged from an average of \$1.8 billion in the three months to March to \$5.5 billion in March.

The fiscal year ended with total exports of \$310 billion, missing the \$340 billion target, while imports contracted by a modest 0.6% during the year, leaving a trade deficit of \$137 billion, slightly higher than the previous year's \$135 billion. With exports growth slowing, the government recently announced a five year plan to raise exports to \$900 billion by 2020 and raise India's share in world exports from 2% to 3.5%.

Excluding crude oil and gold imports, core imports remained strong at a growth rate of 10% on the year for March, compared with 9% in February. This might be a sign of recovery in domestic consumption. But core exports (excluding crude oil exports) contracted for the third straight month signalling weak recovery in demand from key export markets like Europe and the US. Although there was a slight pick-up in oil imports on a month-on-month basis to \$7.4 billion, it was less than half of the imports recorded in March 2014 (\$15.7 billion), as oil prices continued to remain at benign levels.

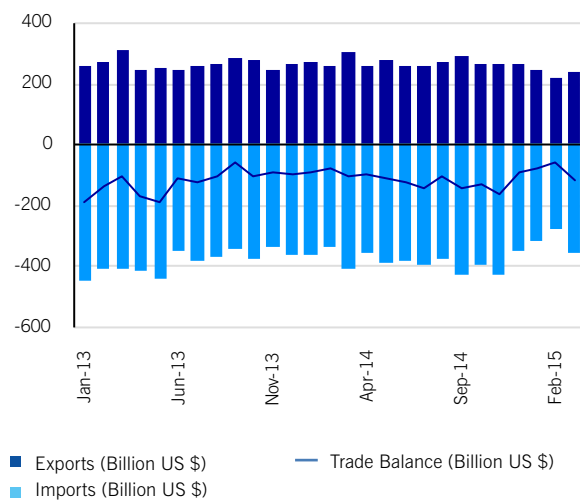
Telecom auctions help raise government revenue

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 last year's Rs. 6.3 trillion. 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

Trade Balance



Source: Ministry of Commerce and Industry

the 3.6% target inherited from the last government for 2015-16.

Foreign exchange reserves at record high level

India's foreign exchange reserves rose by \$1.4 billion to \$344.6 billion in the week to April 24. According to the RBI's weekly statistical supplement, foreign currency assets, the biggest component of foreign exchange reserves, rose by \$1.4 billion to \$320 billion while the value of India's gold reserves remained unchanged at \$19 billion in the week ending April 24. The RBI has been building reserves to absorb any future global financial shock when the US eventually 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 invested nearly \$645 million in Indian capital markets so far in 2015 amid hopes of a turnaround in activity.

Car sales ease in March

Car sales in India rose by 2.6% on the year in March following almost 7% growth on the year in February. Over the past year, sales have trended up with 2014 witnessing growth of 2.5% to 1.85 million units compared with a contraction of almost 10% a year earlier as the government had temporarily lowered

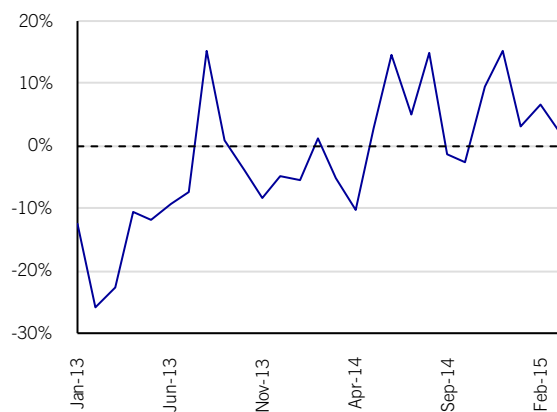
excise taxes. In addition, sales also benefited from a reduction in fuel prices in 2014.

Sales of commercial vehicles grew by 2.1% on the year in March, down from 10.1% on the year in February, mainly due to a large base effect. On the month, sales were up by almost 24%, the highest in 12 months helped by a seasonal boost. The industry though remained cautious due to a weakening in rural sales which saw a contraction of 0.8% in two wheeler sales on the year in March following a contraction of 1% in February. Within two-wheelers, sales of scooters were up by 11.1% on the year, the slowest growth in five months, while sales of motorcycles contracted for the sixth consecutive month by 5.2% on the year.

The two cuts in interest rates might help the car industry recover but since financing rates are still high and broader industrial activity has been slow to pick-up, automobile demand is still sluggish.

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.

Car Sales



— Domestic Car Sales Growth Y/Y %

Source: Society of Indian Automobile Manufacturers

Rewriting history

Following the release of revisions up to fiscal year 2013-14, the Central Statistics 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%, 100 basis points lower 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.

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

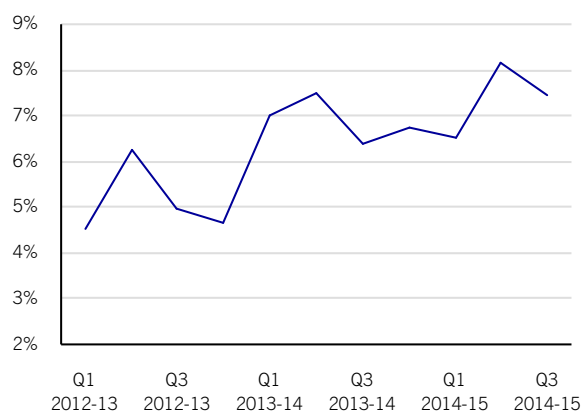
	2013-14	2012-13
Private Final Consumption Expenditure	3.9%	2.6%
Government Final Consumption Expenditure	1.0%	0.2%
Gross Capital Formation	-1.6%	0.8%
Net Exports	4.8%	-0.2%
Discrepancies	-1.2%	1.7%

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 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

Economic Growth



— GDP Y/Y %, fiscal year

Source: Central Statistics Office

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.

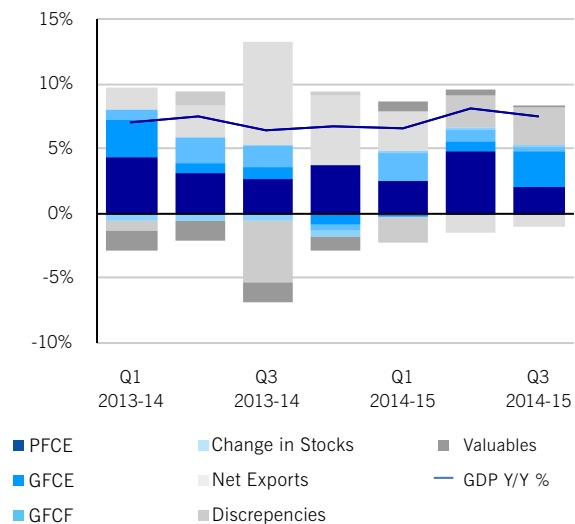
Manufacturing saw massive upward revisions to growth from 1.1% to 6.2% in 2012-13 and -0.7% to 5.3% in 2013-14. The sector is now said to account for 17.3% of the economy compared with 12.9% previously. Mining, too, was revised up from -2.2% to -0.2% and -1.4% to 5.4%.

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.

Contribution to GDP Growth



Source: Central Statistics Office

Key Monthly Economic Data

	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15
Consumer Price Index (Y/Y %)	4.6	3.3	4.3	5.2	5.4	5.2	-
Wholesale Price Index (Y/Y %)	1.7	-0.2	-0.5	-0.9	-2.1	-2.3	-
Industrial Production (Y/Y %)	-2.7	5.2	3.2	2.8	5.0	-	-
Car Sales (Y/Y %)	-2.6	9.5	15.3	3.1	6.9	2.6	-
Trade Balance (Billion US \$)	-13.5	-16.3	-9.2	-7.8	-6.4	-11.8	-
Exports (Billion US \$)	26.0	26.4	26.0	24.3	21.8	24.0	-
Imports (Billion US \$)	39.5	42.7	35.2	32.2	28.2	35.7	-
MNI India Business Sentiment Indicator	69.7	68.9	68.4	64.2	66.2	63.0	63.9
MNI India Consumer Sentiment Indicator	123.7	120.9	119.6	120.4	121.2	118.5	122.1



Indicators

The MNI India Consumer Sentiment Indicator rose to a six-month high in April, underpinned by the cut in the key interest rate by the Reserve Bank of India in March.

MNI India Consumer Indicator

Six-Month High



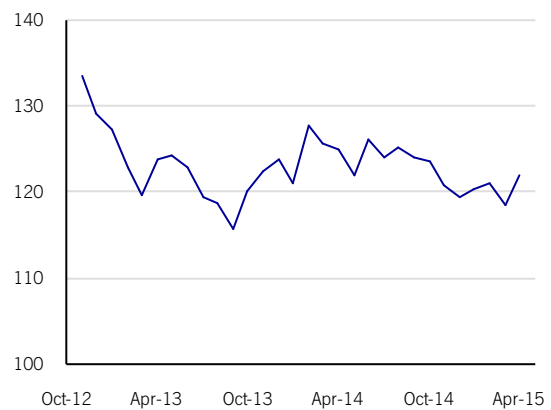
The MNI India Consumer Sentiment Indicator rose by 3% to 122.1 in April from 118.5 in March with respondents more optimistic about their current circumstances, underpinned by the cut in the key interest rate by the Reserve Bank of India in March.

Even though overall consumer sentiment remained above the 100 breakeven level in April, meaning that optimists outnumber pessimists, it was still down 2.5% on the year. While four of the five components of the Consumer Indicator increased between March and April, only the Durable Buying Conditions Indicator surpassed the level recorded in the same month a year earlier.

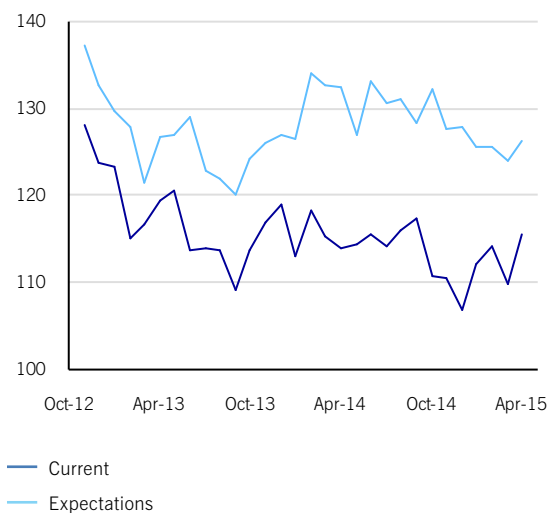
With banks having finally started to pass on the benefits of lower interest rates, consumer sentiment towards purchases of big-ticket items and cars strengthened in April from the previous month. The Durable Buying Conditions Indicator, a measure of consumers' willingness to purchase a large household good and a guide to overall consumer spending, posted the greatest improvement in this month's survey.

Consumers revised up their expectations for future business conditions in April, more so for the short-term which rose to a six-month high. Business Conditions in One Year increased to exactly last year's average and surpassed the series average. Respondents were also more satisfied with the current business environment with the Current Business Conditions Indicator up by 7.5% on the year,

MNI India Consumer Indicator



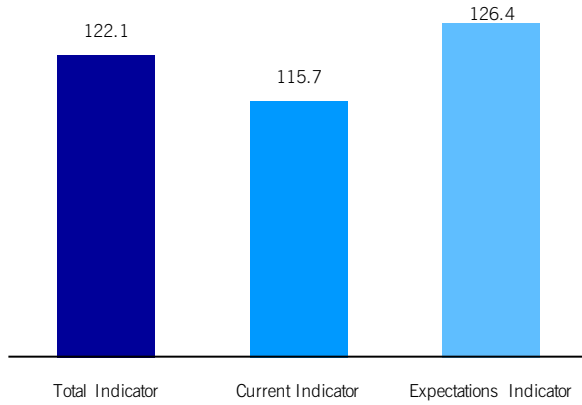
Consumer Indicators



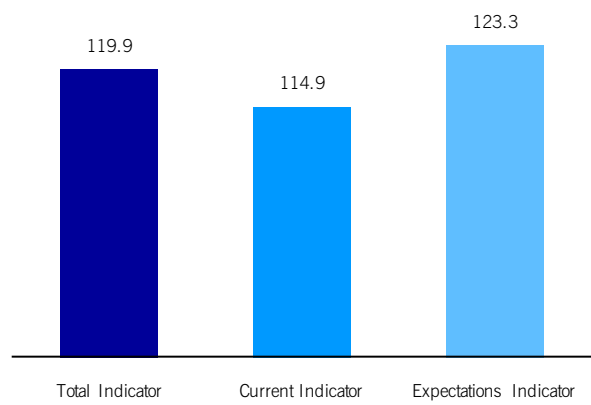
MNI India Consumer Indicator

	Apr-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15
MNI India Consumer Indicator	125.2	120.9	119.6	120.4	121.2	118.5	122.1
Current	114.1	110.7	106.9	112.2	114.3	109.9	115.7
Expectations	132.6	127.7	128.0	125.8	125.7	124.2	126.4

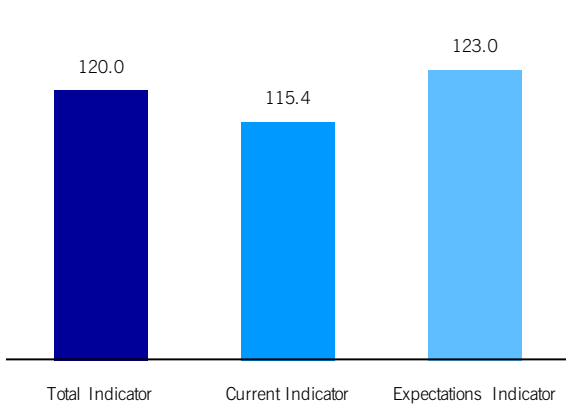
All India



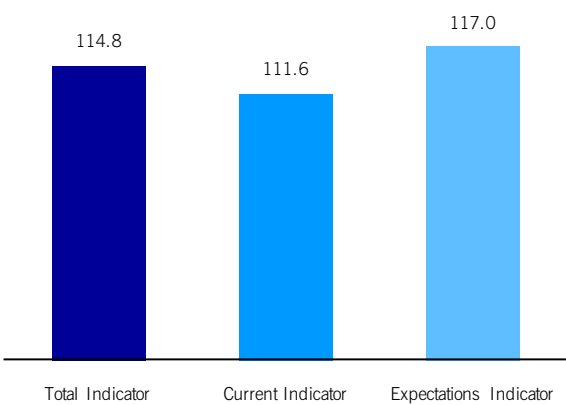
North India



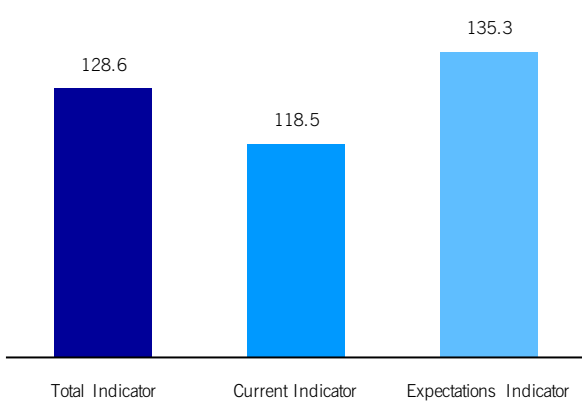
South India



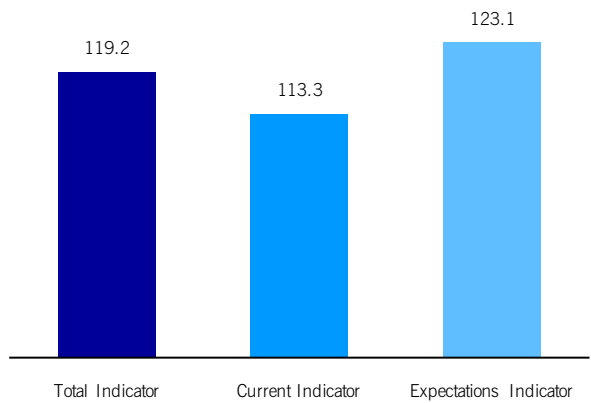
East India



West India



Central India





outweighing the growth of all five components of the Consumer Indicator.

The strength in the consumer survey was also mirrored in our sister business survey, which showed that business confidence had risen to a two-month high in April, showing that both households and firms alike have been positively impacted by the recent interest rate cuts.

Although consumer sentiment improved on most fronts in April, the start of 2015 saw consumer confidence average 120.0 in the three months to March, which was 1.2% below the level recorded in the previous quarter and 4% below the March quarter of 2014.

The Current Indicator, which measures consumers' assessment of their current conditions, rose to 115.7 in April from 109.9 in March. The Expectations Indicator also increased, albeit more moderately to 126.4 from 124.2 in the previous month, the first increase since the beginning of 2015.

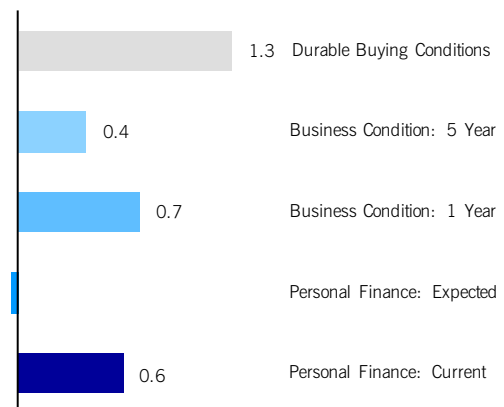
Regions

The rise in consumer sentiment was observed across all five regions apart from East India where a less optimistic outlook for future conditions undermined overall confidence.

In West India, the Consumer Indicator rose by 5.2% to 128.6 in April from 122.2 in the previous month. Residents of the region were more confident not only about their present conditions but also in their future expectations. In particular, consumers were more optimistic in their short-term expectations for business conditions. Consumers were also more optimistic about their household finances which likely accounted for why they were more willing to buy big-ticket items.

In South India, consumer sentiment rose by 3.7% to 120.0 after falling to a record low of 115.7 in March. Even so, consumers were less confident about their

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



household finances than ever before, as evidenced by the fall in the Current Personal Finances Indicator to a record low. Nevertheless, consumers considered April to be a good time to purchase expensive goods with the Durable Buying Conditions Indicator rising by double-digits to the highest since August 2014.

Age

Consumer sentiment rose across all age groups in April following a widespread decline in the previous month.

The improvement in overall confidence was driven by the youngest age group. The Consumer Indicator for the 18-34 year age range rose 5.4% to 126.8 in April from 120.3 in March. Consumers were more confident about their current conditions and their expectations also picked-up, albeit at a slower pace. Consumers were more willing to buy big-ticket items, as evidenced by the 14.5% rise in the Durable Buying Conditions Indicator to a seven-month high.

Consumer sentiment among 35-54 year olds rose by 2.7% to 121.0 in April from 117.8 in March. Respondents' outlook for short-term business



conditions rose to the highest since October 2014. Amid higher satisfaction with household finances, more respondents considered it to be a good time to purchase large household items.

Consumer Sentiment among the oldest age range, 55-64 year olds, experienced a smaller rise than the other two age groups in April. The Consumer Indicator rose to 117.3 from 116.7 in March. Four of the five components of the Consumer Indicator rose on the month, while Expected Personal Finances eased for the second consecutive month by a sizeable enough margin to bring down the overall expectations for the age group. In spite of this, consumers were more confident about purchasing big-ticket items with the Durable Buying Conditions Indicator rising by 2.7% on the month.

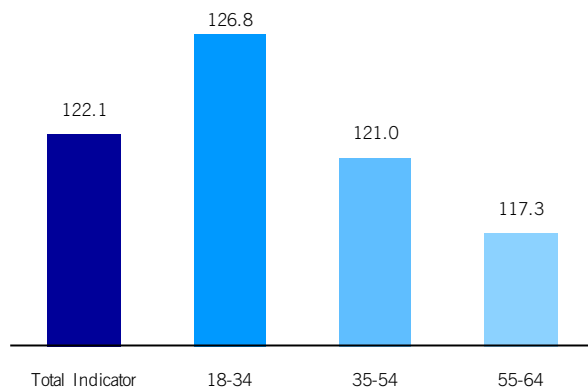
Income

Both high and low-income households were more confident in April.

The Consumer Indicator for households with an average annual income under Rs. 432,000 rose slightly to 118.4 from 118.1 in March. While respondents were less optimistic in their expectations, their satisfaction with current conditions increased. A sharp increase in the Durable Buying Conditions Indicator drove up overall sentiment, more than offsetting the previous month's fall. Meanwhile, respondents were less optimistic in their expectations about future Business Conditions, although saw a brighter outlook for their Personal Finances in a year's time.

For households with an average annual income over Rs. 432,000, the Consumer Indicator rose sharply to 133.9 from 125.1 in March, the highest level since June 2014. All components of the Consumer Indicator rose in April, with the Durable Buying Conditions Indicator leading the increase as more consumers considered it to be a good time to buy large household goods. Consumer's perception of their personal

Consumer Indicator: Age Groups



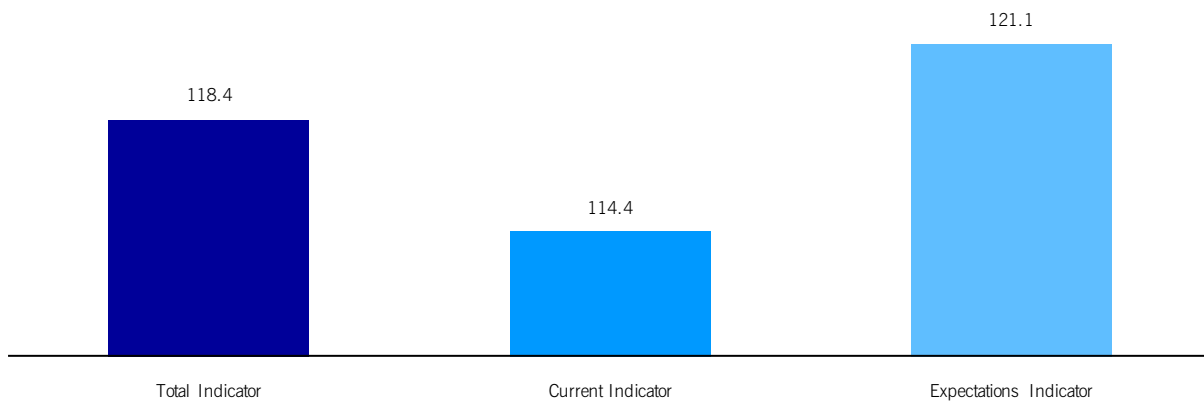
finances strengthened while both their short- and long-term expectations for Business Conditions also picked up.

Consumer sentiment has fallen more rapidly over the past year among those in the low-income group, with the indicator down 4.7% on the year in spite of April's improvement. Meanwhile, confidence among higher income households was up by just 0.4% on the year as they struggled to make up the ground lost during a sustained period of decline in the latter part of 2014.

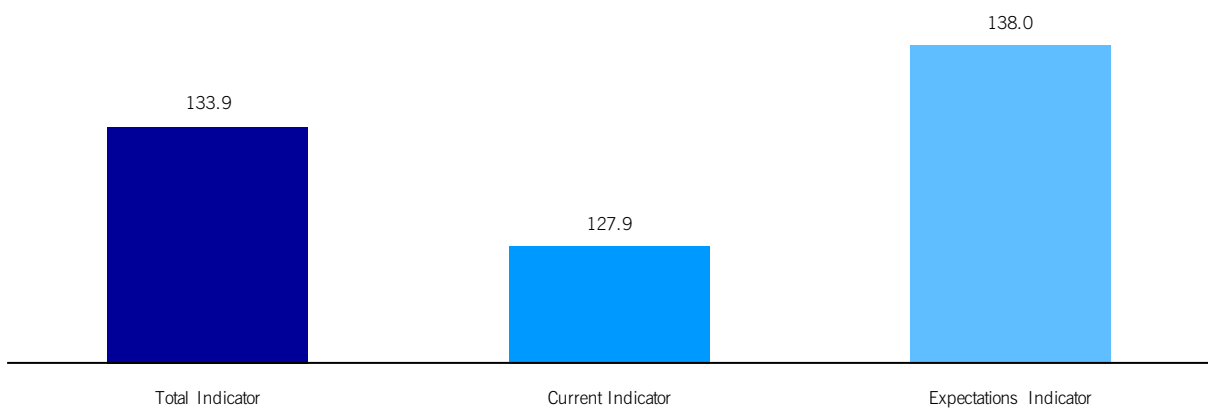
MNI India Consumer Indicator Income Groups



< Rs. 432,000 per annum



> Rs. 432,000 per annum



MNI India Consumer Indicator

Main Cities



Sentiment rose in six of the 10 major Indian cities surveyed in April.

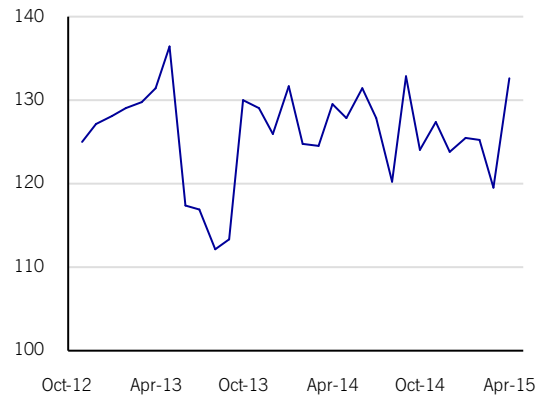
In Mumbai, India's most populous city, consumer sentiment rose sharply to 132.6 from 119.5 in March, the highest since September 2014. All five components of the Consumer Indicator rose in April. Residents of the city were the most optimistic about Business Conditions in Five Years, while the short-term outlook for the business environment rose to the highest since September 2014. Consumers were also more satisfied with their personal finances, which was probably the reason why a greater proportion of respondents considered it a good time to buy big-ticket items.

In the capital, Delhi, consumer sentiment fell slightly to 118.3 from 119.4 in March. Consumers were less optimistic in their expectations in contrast to current conditions. Inhabitants of India's capital were much less positive in their expectations for business conditions in the long-term compared with those for the short-term. An increasing proportion of respondents thought it was a good time to purchase large durable items with the Durable Buying Conditions indicator rising by 4.4% on the month even despite a worsening in their attitude towards their current financial situation.

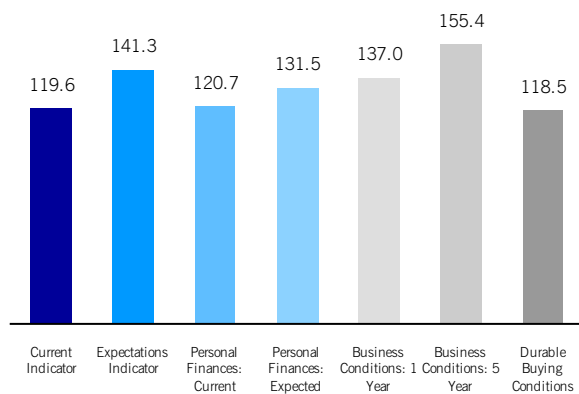
Consumer confidence in Bengaluru, the third largest city by population in India, rose sharply to 123.8 following two successive falls to 110.2 in the previous month. All five components of the Consumer Indicator rose on the month. The most significant increases were in the Expected Personal Finances Indicator and the Business Conditions in One Year Indicator which rose by 14.4% and 25.7% respectively. Consumers were also more willing to purchase large household items as reflected by a 9% increase in the Durable Buying Conditions Indicator.

In contrast, residents of Kolkata were less confident this month, with the Consumer Indicator falling by 7.3% to a seven-month low of 109.1. Consumers

Consumer Indicator - Mumbai



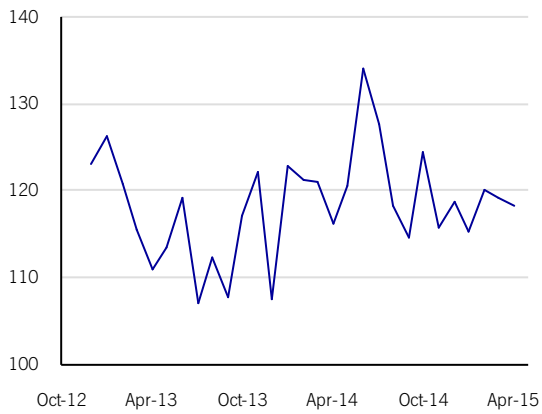
Consumer Indicator Components - Mumbai



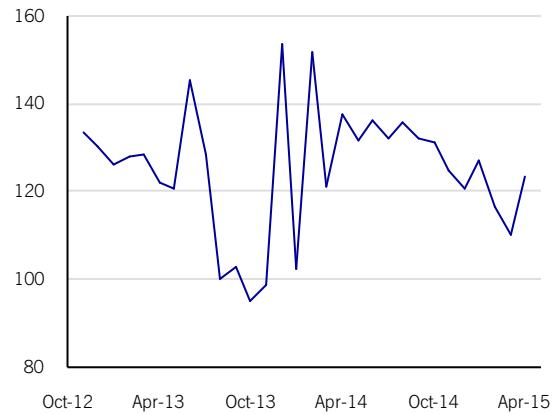
revised down their expectations for their future household finances sharply while their satisfaction with their current financial situation also eased, leaving both indicators at exactly the same level for the first time in a year. Even though more respondents thought business conditions would improve over the coming year, fewer shared this view for the long-term business environment as Business Conditions in Five Years fell by almost 20% on the month.



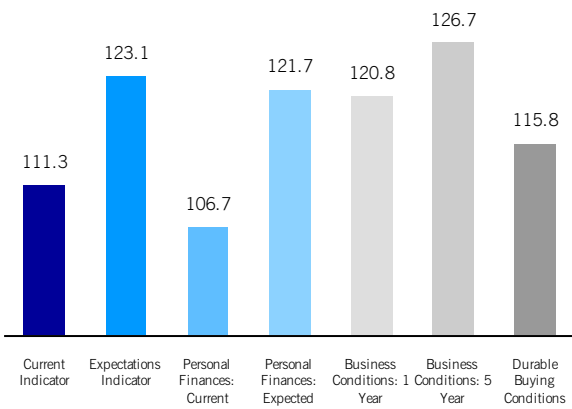
Consumer Indicator - Delhi



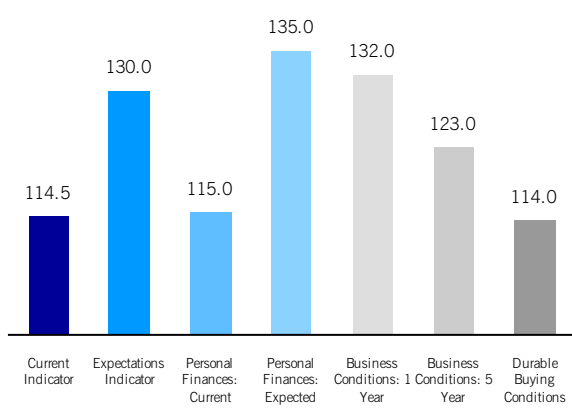
Consumer Indicator - Bengaluru



Consumer Indicator Components - Delhi



Consumer Indicator Components - Bengaluru



Personal Finances

Current Finances Highest Since July 2014



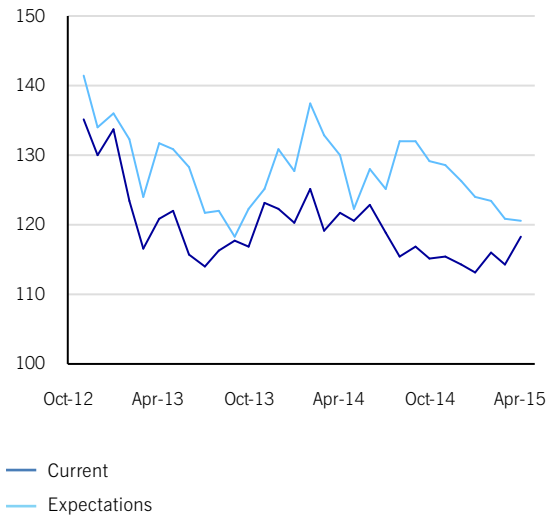
Consumers were more satisfied with their current household finances while their expectations for the future remained broadly stable in April.

The Current Personal Finances Indicator, which measures whether a household is better or worse off financially than a year ago, rose to 118.3 in April from 114.5 in March. Indian households have seen their finances erode since the second half of 2014 and the trend has spilled over into 2015 with the quarter ending March registering the weakest finances on record. However, the rise in April placed the indicator at the highest level since July 2014. With survey history of two and a half years, the Current Personal Finances Indicator has increased every April, which could be a seasonal trend.

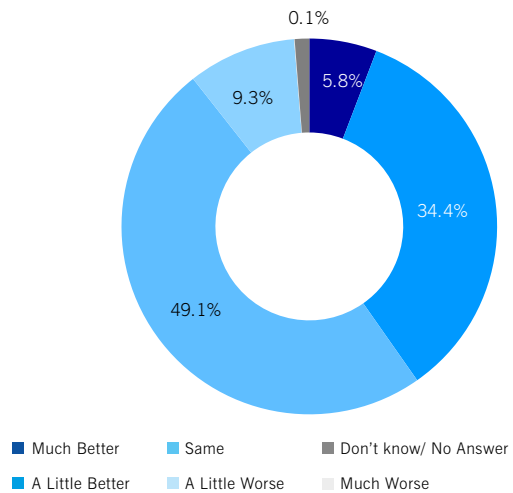
Of those who reported that their finances had improved, the majority of respondents cited higher income levels as the main reason while the easing in both inflation and interest rates compared with last year also appears to have lessened the burden on households' budgets. A growing proportion also credited better investment returns to higher personal finances with the benchmark BSE Sensex having increased by more than 25% since a year ago.

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. However, the gap between the two series has been falling after hitting a series high in September 2014. Expectations for Future Personal Finances stood at 120.8 in April compared with 121.1 in March, the lowest since September 2013.

Personal Finances



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



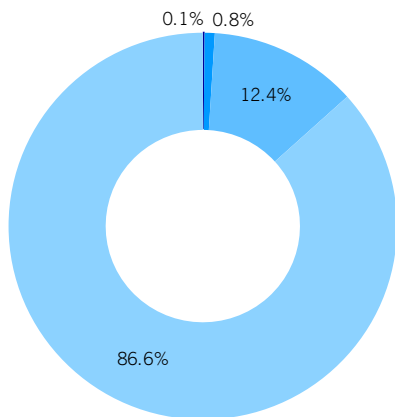
Personal Finances

	Apr-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15
Current	121.8	115.6	114.4	113.3	116.1	114.5	118.3
Expectations	130.2	128.7	126.3	124.2	123.7	121.1	120.8



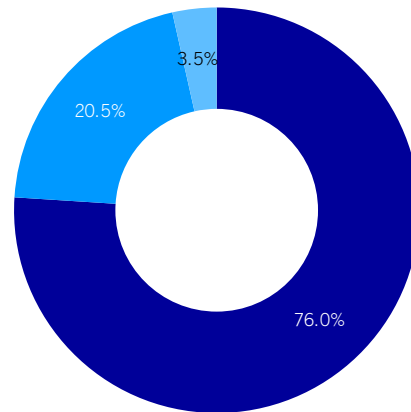
How Households Spend their Money

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



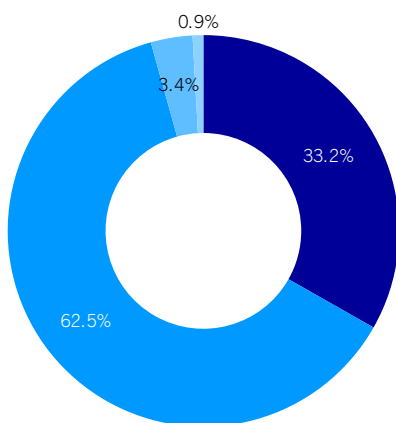
- 0% - 29% of Income
- 30% - 49% of Income
- 50% - 69% of Income
- 70% - 100% of Income

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



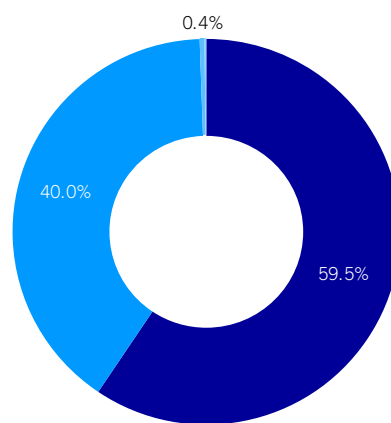
- 0% of Income
- 1% - 29% of Income
- 30% - 49% of Income
- 50% - 100% of Income

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

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 subsided towards the end of last year.

Business Conditions

Current and Future Expectations Improve



Consumers revised up their outlook for the business environment and also reported that the current business situation had improved on the month.

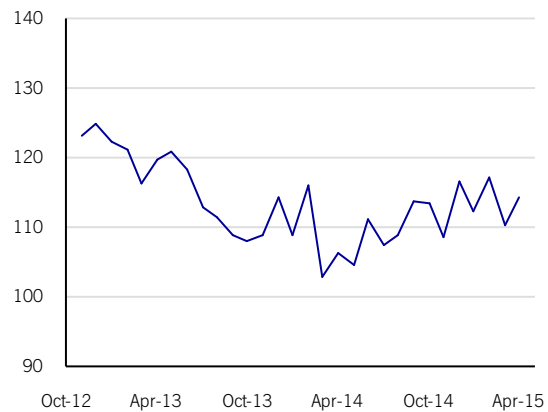
April's survey captures the full reaction to the budget which appears to have been positive given that all measures of business conditions experienced an improvement. The Budget presented by the government at the end of February included measures to ease the rules for doing business in India and an increase in infrastructure investment, particularly in both railways and roads.

The Current Business Conditions Indicator rose to 114.4 in April from 110.3 in March, the highest in two months. This left consumers' assessment of current business conditions up by 7.5% on the year, and also above the series average of 113.5. This was in contrast with expectations for future business conditions as Expectations for Business Conditions in One Year and Five Years were both down by 2% and 4.8% on the year respectively. 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 subsided towards the end of last year.

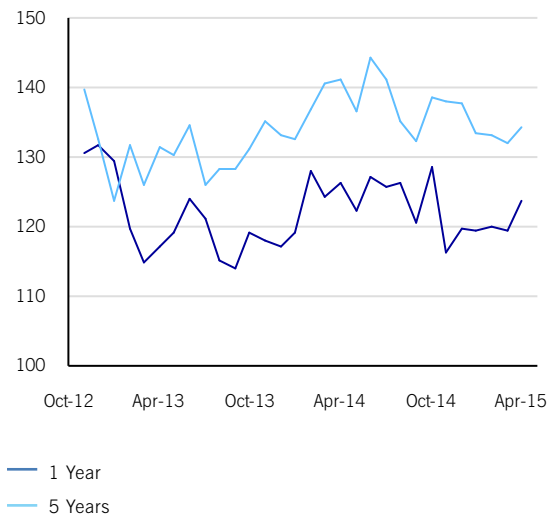
The Business Conditions in One Year component rose to 123.8 in April from 119.5 in March.

The start of 2015 has again seen a fresh wave of optimism among respondents with the majority citing economic development as the main reason for improvement.

Current Business Conditions Indicator



Expected Business Conditions: 1 Year and 5 Years



Business Conditions

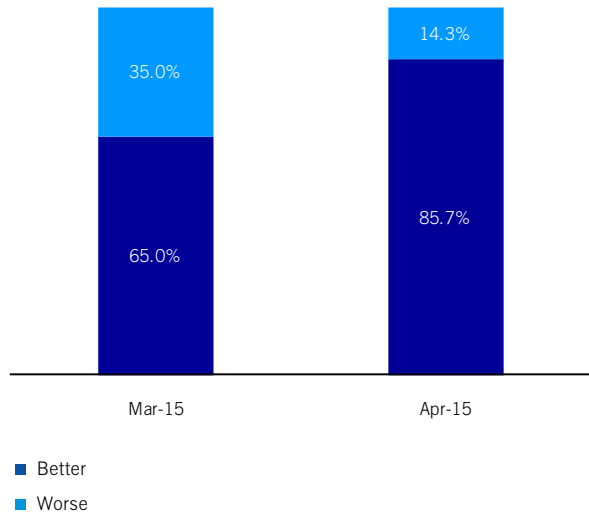
	Apr-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15
Current	106.3	108.6	116.6	112.4	117.2	110.3	114.4
In 1 Year	126.3	116.3	119.9	119.6	120.1	119.5	123.8
In 5 Years	141.3	138.1	137.9	133.6	133.3	132.1	134.5

Business Conditions in 1 Year Selected Reasons

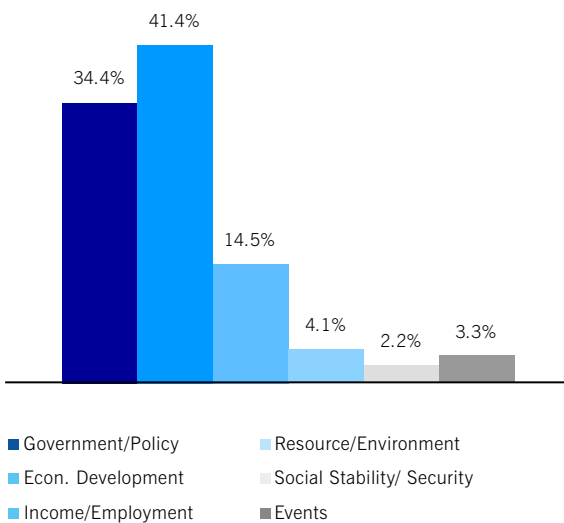


Respondents' long-term business expectations have trended downwards since hitting a record high in June last year. In April, the Business Conditions in Five Years Indicator rose for the first time in six months to 134.5 from 132.1 in March. Sentiment rose in seven of the 10 major cities surveyed, with confidence in long-term business conditions highest among residents of Ahmadabad.

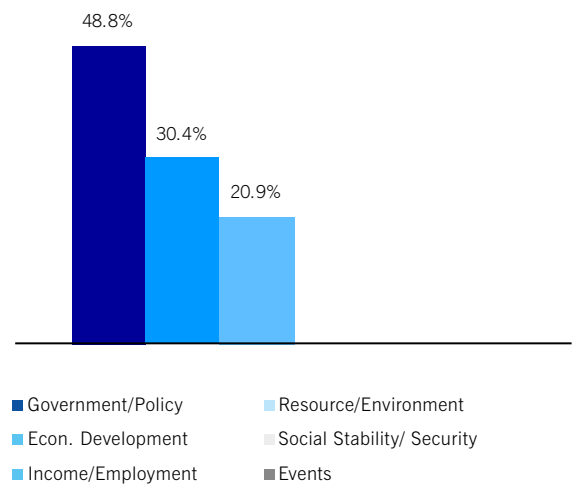
All India



All India, Reasons for Better



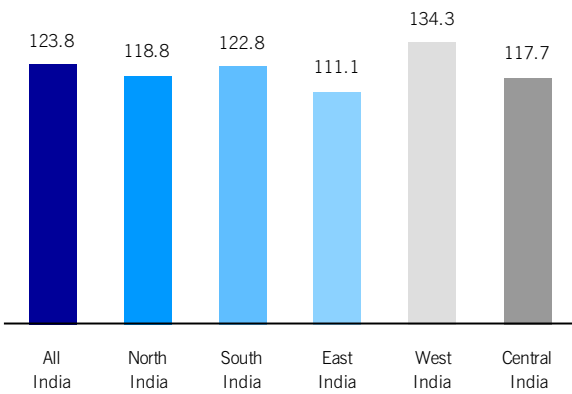
All India, Reasons for Worse



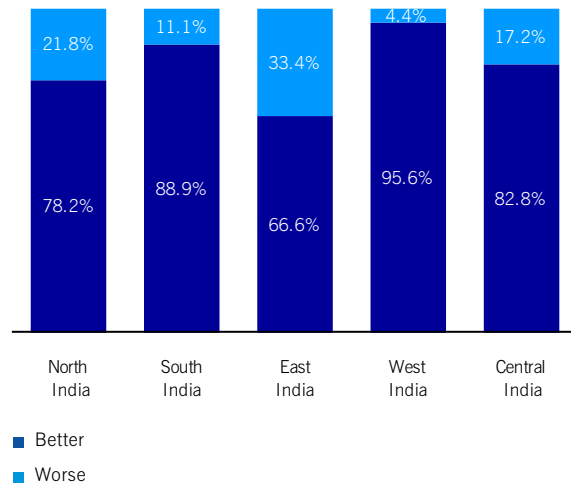
Business Conditions in 1 Year Regions



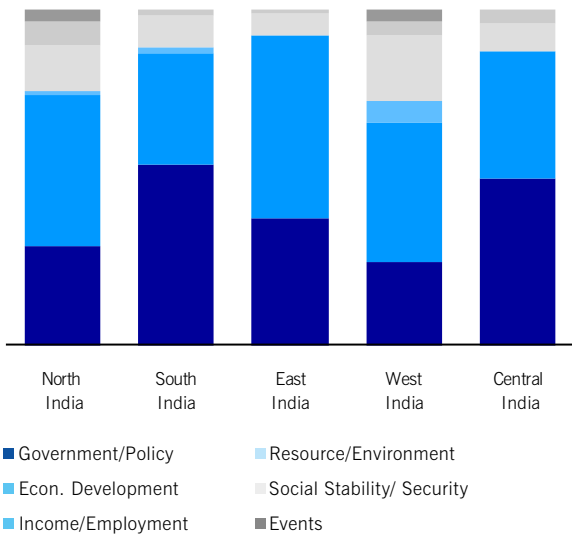
Business Expectations



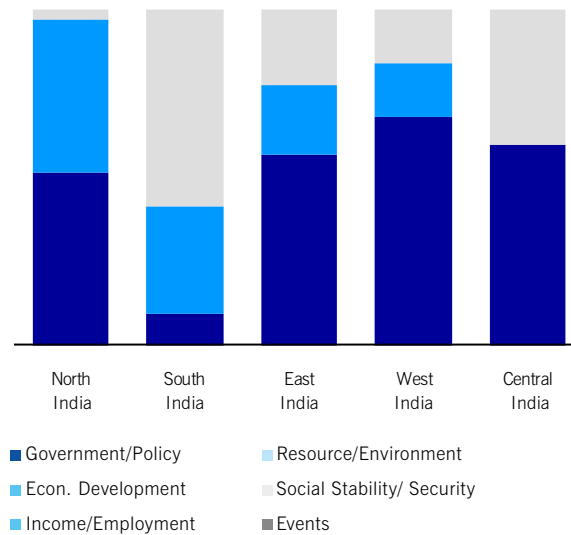
Business Expectations: Better or Worse? (% of Respondents)



Reasons for Better (% of Respondents)

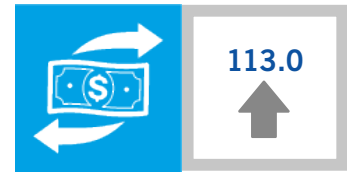


Reasons for Worse (% of Respondents)



Durable Buying Conditions

Highest Since September 2014

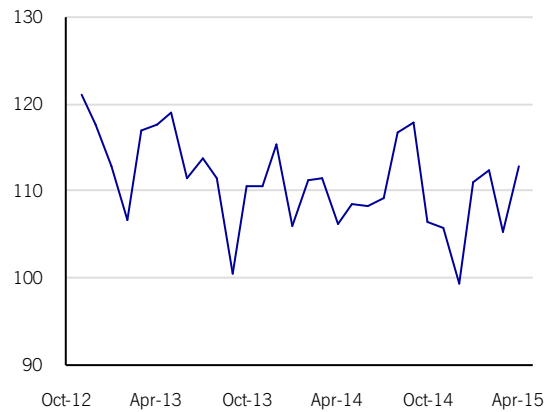


The proportion of consumers planning to purchase a big ticket item was the highest in seven months following last month's cut in interest rates by the Reserve Bank of India.

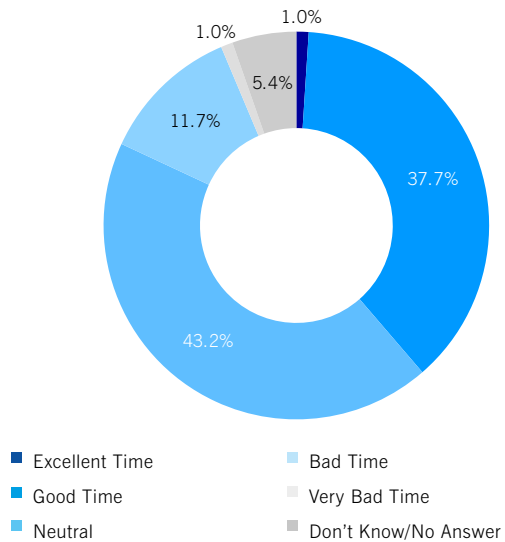
The Durable Buying Conditions Indicator rose to 113.0 in April from 105.4 in March. The indicator measures consumers' willingness to purchase a large household good and provides a guide to overall consumer spending. This month's survey extended the gains in purchase sentiment in the three months to March to 109.7 from 103.9 in the final quarter of 2014 which was the weakest on record despite covering the festival period when demand increases.

As anticipated, this month's rise may well be the result of the interest rate cut by the central bank in early March. With the RBI having cut interest rates twice in 2015, commercial banks have now started lowering their lending rates after a lag which has boosted spending power of consumers and have had a positive impact on the Consumer Indicator.

Durable Buying Conditions



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



Durable Buying Conditions

	Apr-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15
Durable Buying Conditions	106.4	105.8	99.4	111.2	112.6	105.4	113.0

Employment Outlook

Two-Month High

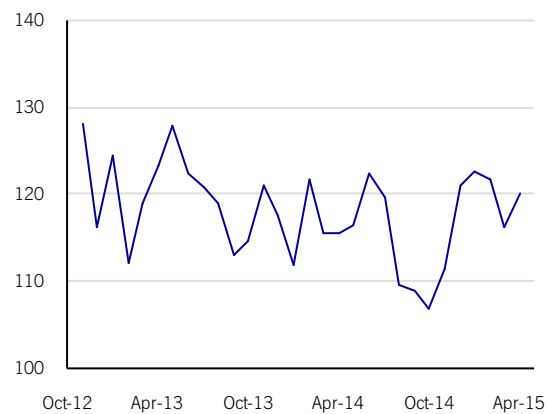


The Employment Outlook Indicator rose to 120.1 following a sharp fall in March to 116.3, bringing it above the series average of 118.1, as a greater proportion of respondents expected the job market to improve over the next 12 months. Even so, almost one in ten households were unsure or did not answer the question, the highest proportion in two years, pointing to an increased level of uncertainty among respondents.

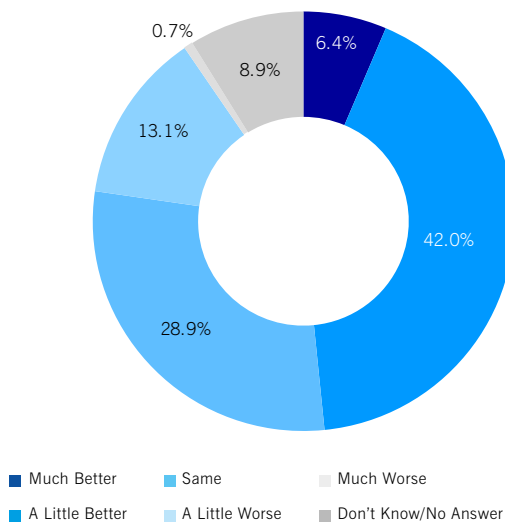
Consumer expectations for the job market have improved sharply since the downturn during the second half of last year. In the quarter ending March, sentiment averaged 120.3 and was 6.3% above the previous quarter, the highest since the quarter ending June 2013. Our sister business survey of India's largest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

A rise in the employment outlook was observed across all regions of India apart from South and East India. In West India, the Employment Outlook Indicator hit a record high. Respondents from South India, meanwhile, were the least optimistic compared with the other regions with the indicator falling by 11% to the lowest since April 2013.

Employment Outlook Indicator



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



Employment Outlook

	Apr-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15
Employment Outlook	115.7	111.4	121.1	122.7	121.8	116.3	120.1

Dissatisfaction with the current level of prices increased in April...

...while expectations for inflation in 12 months also picked up.

Prices Sentiment

Inflation Expectations Rise



Following a brief period of satisfaction with the current level of prices in February, dissatisfaction has crept in again among consumers which has also led them to expect higher inflation for the coming 12 months.

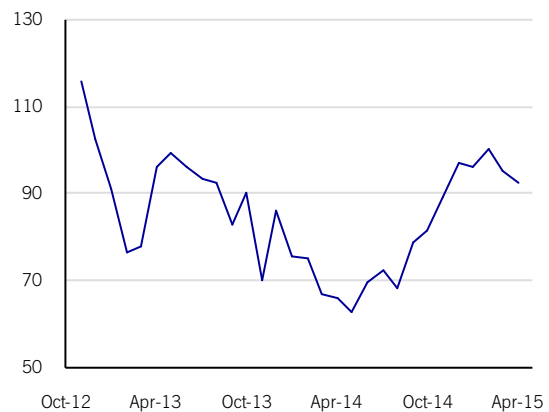
Low inflation helped the Current Prices Satisfaction Indicator to rise above the 100 mark in February but the subsequent fall in the indicator has meant that consumers have already started to once again feel the pinch. In April, the indicator measuring satisfaction with the current level of prices descended to 92.6 from 95.4 in March. A figure below 100 indicates wider dissatisfaction, while an outturn above shows increasing satisfaction. With India having been plagued by high inflation for years, the indicator has only been above 100 for three months since the survey started in November 2012.

Official data showed that consumer price inflation eased slightly to 5.2% in March from 5.4% in February. Food price inflation was 6.1% on the year compared with 6.9% in the previous month in spite of crop damage due to unseasonal rainfall, while core inflation stood at 4.1%, helped by a contraction in transport and communication prices.

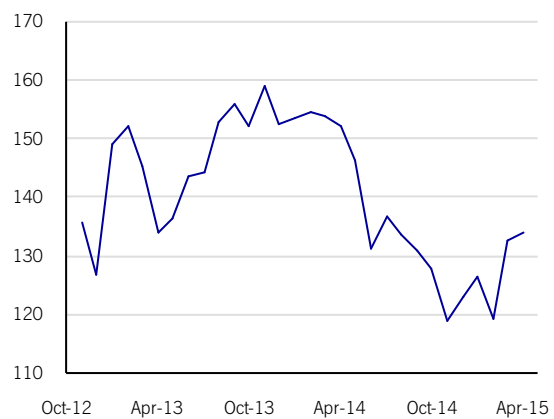
Expectations for inflation in 12 months' time rose slightly to 134.2 in April following a double-digit rise to 132.8 in March. Of those respondents who expected prices to rise, a growing proportion of respondents thought that they would go up by 6-9%, while a rising proportion was unsure.

The Inflation Expectations Indicator has closely matched the trend in consumer price inflation

Satisfaction with Current Prices Indicator



Inflation Expectations Indicator



Prices Sentiment

	Apr-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15
Satisfaction with Current Prices	66.3	89.7	97.1	96.4	100.4	95.4	92.6
Inflation Expectations	152.2	119.0	123.2	126.8	119.6	132.8	134.2

Prices Sentiment Regions



previously and points to a pick-up over the coming months. Even so, the low level of inflation expectations compared with a year earlier should help the 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.

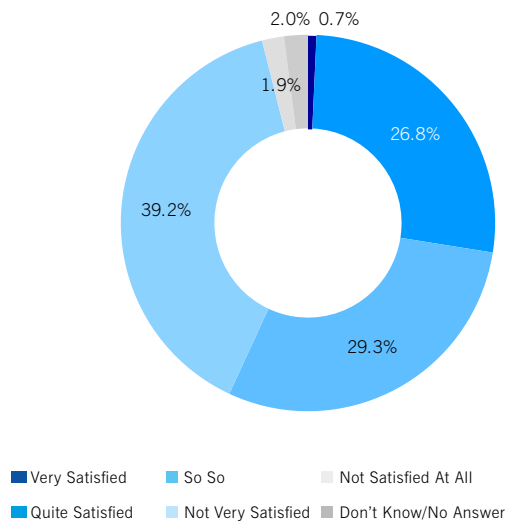
Regions

Satisfaction with Current Prices fell across all regions of India except West India, where the proportion of respondents dissatisfied with prices eased from the previous month.

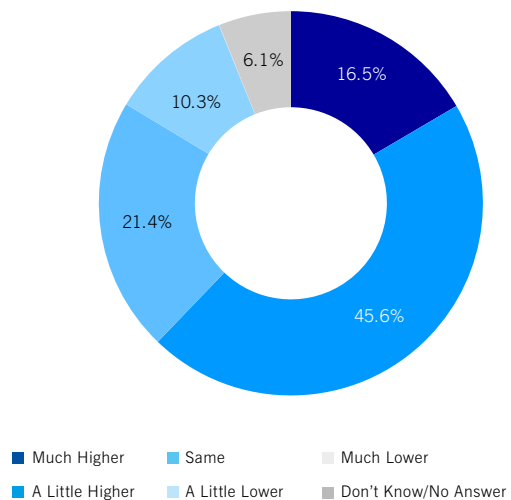
In South India, consumers were just about satisfied with prices as evidenced by the 8.1% fall in the indicator to 101.1. However, fewer respondents thought that prices would rise in the next 12 months with the Inflation Expectations Indicator falling by 7.1% to the lowest since November 2014.

In Central India, consumers revised down their perception of prices sharply as the Current Prices Satisfaction Indicator fell by 5.6% back into contraction. However, slightly more respondents lowered their inflation expectations, pushing the Inflation Expectations Indicator to a two-month low. Of those who expected prices to rise, the majority expected prices to go up by 5% but a growing proportion also thought they would increase by 11-24% in the next 12 months.

Satisfaction with Current Prices
(% of Households)

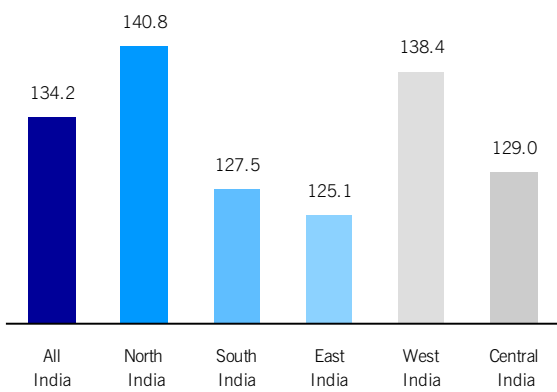


Inflation Expectations in 12 Months
(% of Households)

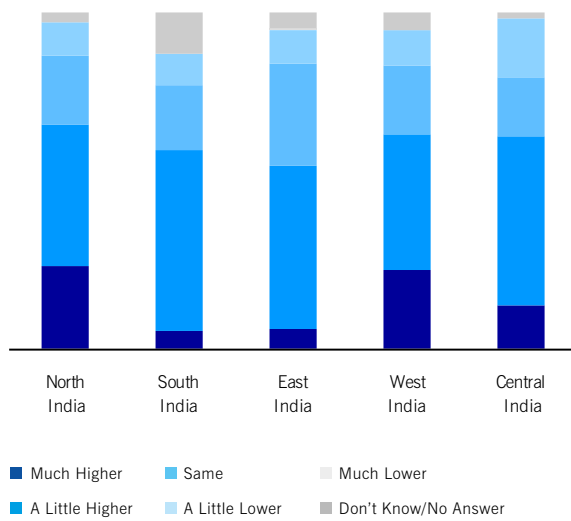




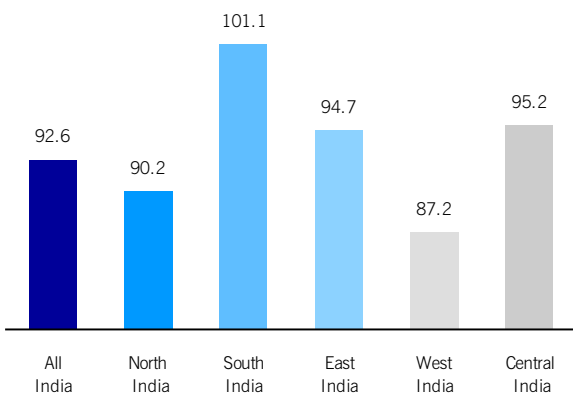
Inflation Expectations Indicator



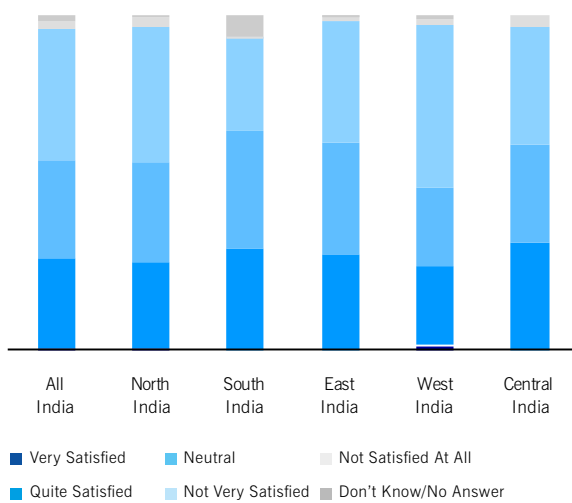
Inflation Expectations in 12 Months (% of Households)



Satisfaction with Current Prices Indicator



Satisfaction with Current Prices (% of Households)



Interest Rate Expectations Highest Since December 2014



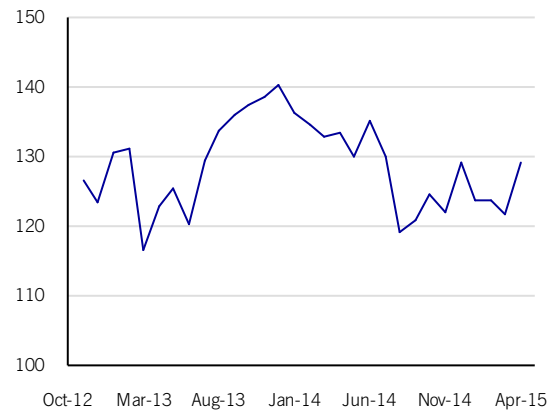
With the Reserve Bank of India having already cut interest rates twice this year, fewer consumers expected interest rates to fall over the next 12 months.

The Interest Rates Expectations Indicator rose to 129.2 from 121.9 in March, slightly above the series average of 128.8 but below the outturn of 133.6 recorded a year ago.

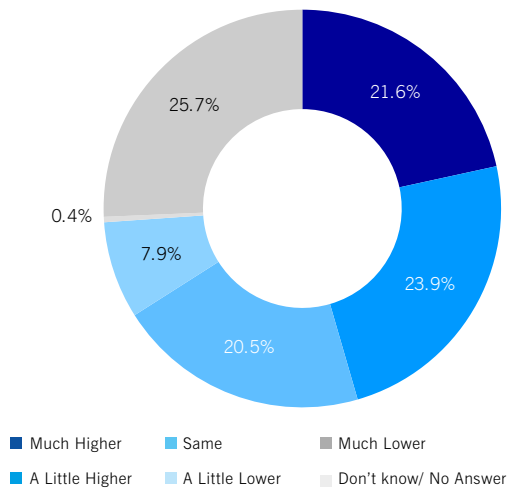
Raghuram Rajan has cut benchmark interest rates twice since he took over as the Governor of the RBI after successfully bringing down inflation which was plaguing the Indian economy when he was appointed in September 2013. Evidence from both our business and consumer surveys suggests that inflation expectations have significantly declined since last year but a period of ultra-low inflation is behind us, leaving the RBI with a little leeway 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 conditions warrant it. Consequently, we could see expectations for interest rates fall or remain stable over the coming months.

Interest Rate Expectations Indicator



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



Interest Rate Expectations

	Apr-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15
Interest Rate Expectations	133.6	122.0	129.4	123.9	124.0	121.9	129.2

With the benchmark
BSE Sensex up by
more than 25%
since a year ago...

...the Stock Investment Indicator hit a record high in
April.

Stock Investment Indicator Record High



Sentiment surrounding the stock market rose sharply to a record high in April. The Stock Investment Indicator, a gauge of whether it is a good or bad time to invest in the stock market rose to 131.3 from 126.0 in March.

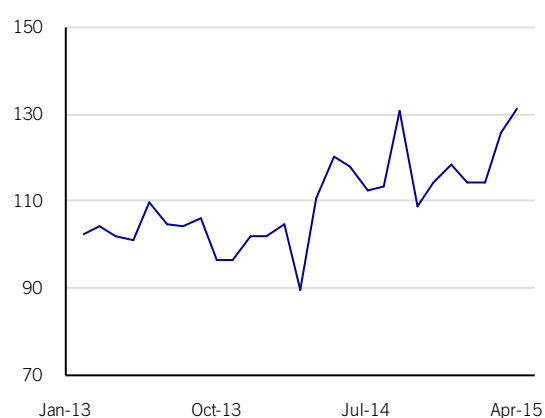
Stock Price Sentiment, which measures whether equity prices are high or low, fell sharply to 104.4 from 129.0 in March. With Indian stock markets rallying in early March and then losing a bit of momentum in April, the majority of respondents thought that stock prices were about right.

The Stock Investment Return component, a measure of the amount of profit or loss in investments over the past year, stood at 151.0 compared with 152.5 in the previous month as the majority of respondents made a profit on their investments in April. With the benchmark BSE Sensex up by more than 25% since a year ago, the Stock Investment Return component was also higher by almost 32% since April 2014.

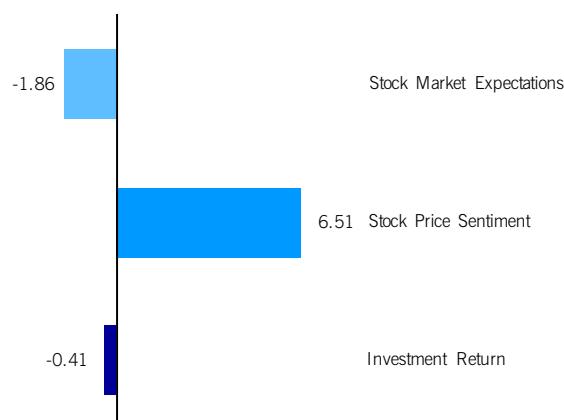
In April, though, the BSE Sensex fell by 3.3% amid concerns over the retrospective taxation by the government and a delay in the passage of a land bill in the parliament. Markets have come down but this in a way gives better entry points for investors.

The Stock Market Expectations component, which shows whether consumers think stock prices will rise or fall in the next three months, remained elevated at 147.4, slightly lower than 154.4 in March although 90% of respondents remained bullish about the stock market over the next three months.

Stock Investment Indicator



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



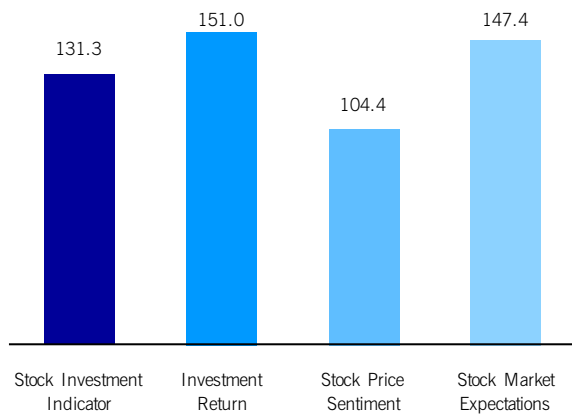
Investment Sentiment

	Apr-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15
Investment Sentiment Indicator	110.9	114.8	118.5	114.5	114.7	126.0	131.3
Investment Return	114.6	144.3	158.2	140.4	128.9	152.5	151.0
Stock Price Sentiment	119.3	131.8	145.5	145.9	121.9	129.0	104.4
Stock Market Expectations	137.4	131.8	142.8	148.9	137.1	154.4	147.4

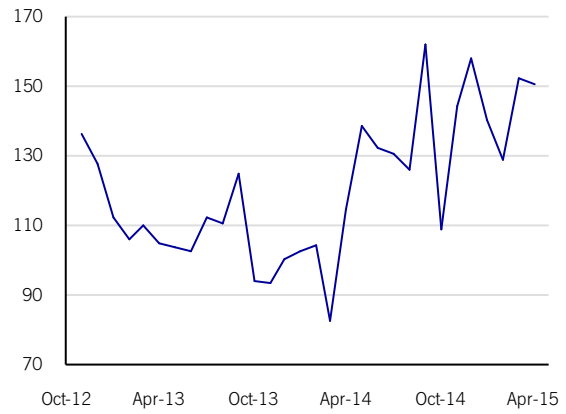
Stock Investment Indicator Components



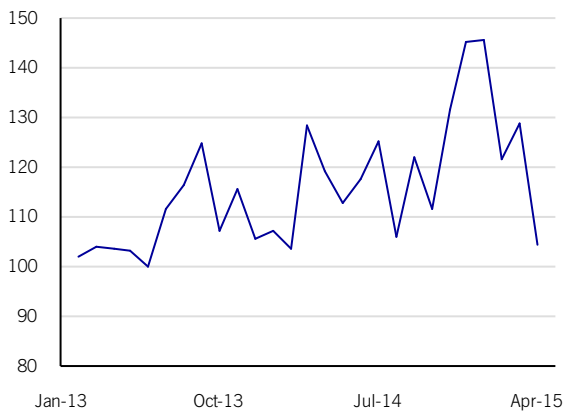
Stock Investment Indicator - Components



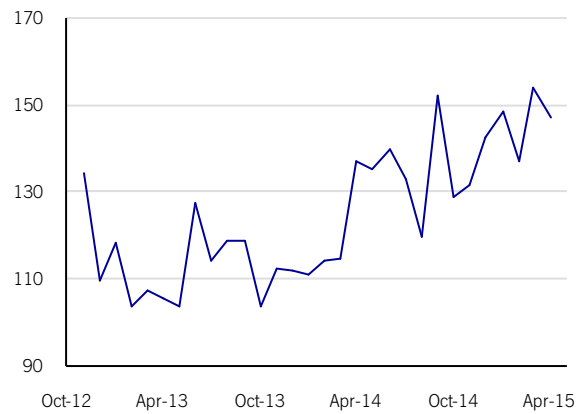
Investment Return



Stock Price Sentiment



Stock Market Expectations



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

...the highest proportion in three months.

Real Estate Investment Indicator Highest Since March 2014



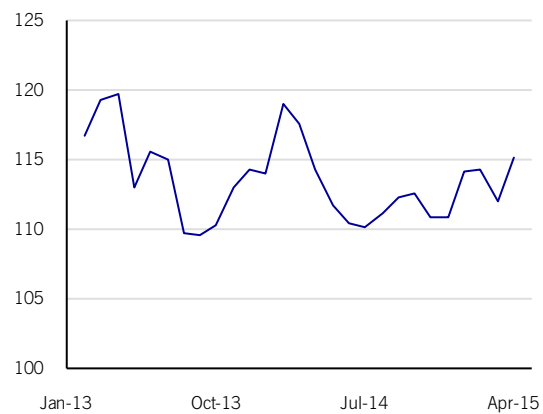
The Real Estate Investment Indicator, which is made up of three components (House Price Expectations, House Buying Sentiment and House Selling Sentiment), rose to a 13-month high of 115.3 from 112.1 in March.

Heightened expectations for a revival in the economy have boosted sentiment towards house prices. The House Price Expectations component increased for the first time this year to 152.9 from 149.9 in March. Almost three quarters of respondents expected house prices to rise in the next six months, the highest proportion in three months.

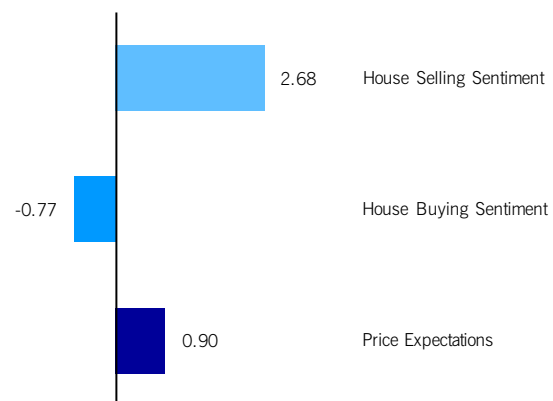
House Buying Sentiment, a measure of whether it is a good or bad time to buy a home in the next six months, fell to a record low of 88.9 from 91.5 in the previous month. Since the start of the survey, consumer confidence surrounding house purchases has fallen significantly, mainly due to high interest 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 underpin housing sentiment in 2015. The majority attributed lower willingness to buy a house to high prices.

House Selling Sentiment, a measure of whether it is a good or bad time to sell a house in the next six months, fell below the 100 mark for the first time since March 2014 to 96.0 in April.

Real Estate Investment Indicator



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



Real Estate Investment Sentiment

	Apr-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15
Real Estate Investment Sentiment	114.4	111.0	111.0	114.2	114.5	112.1	115.3
Price Expectations	145.9	144.0	154.2	153.6	151.8	149.9	152.9
House Buying	102.1	92.1	89.3	94.6	96.6	91.5	88.9
House Selling	104.9	103.2	110.7	105.5	104.9	105.0	96.0

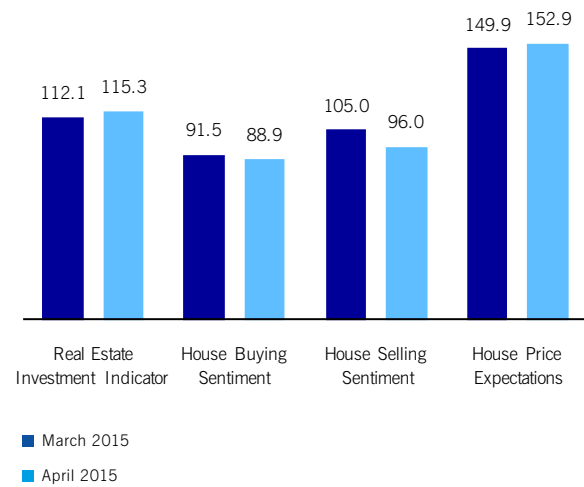


Real Estate Investment Indicator Components and Balances

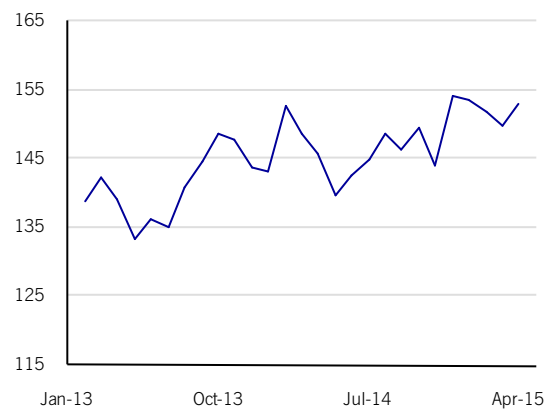
Regions

Sentiment surrounding the real estate market rose across all regions of India. The largest rise was in Central India, where the Real Estate Investment Indicator increased as more respondents expected house prices would rise in the coming six months while fewer considered it a good time to sell. In West India, the House Buying Sentiment was the lowest in comparison with other regions and also below the 100 dividing mark while expectations about future house prices remained elevated.

Real Estate Investment Indicator - Components

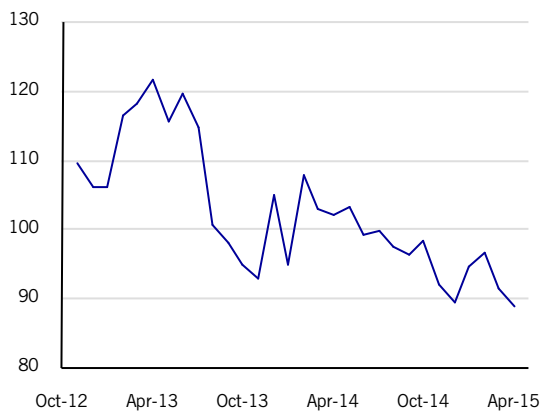


Real Estate Prices: Expected Changes in Next 6 Months

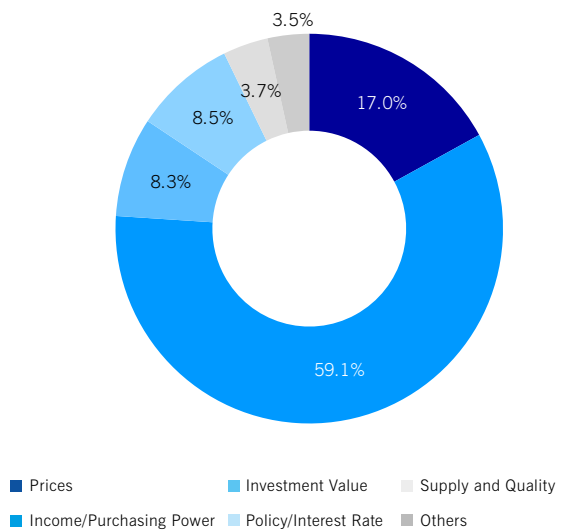




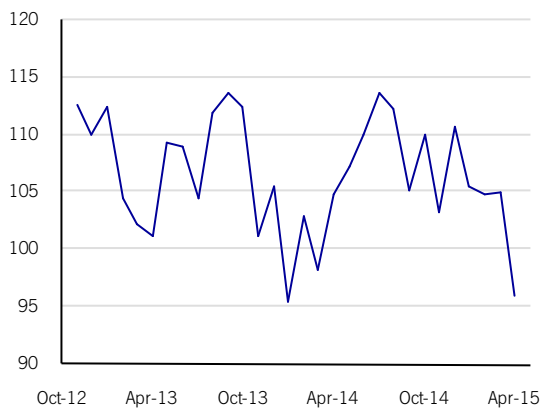
House Buying Sentiment



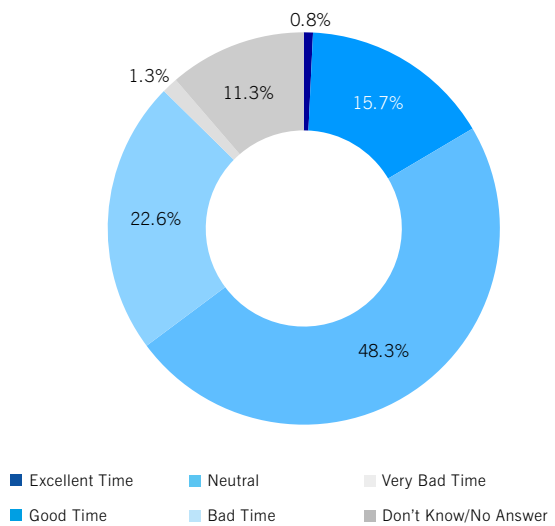
Reasons for Buying Houses (% of Households)



House Selling Sentiment



Timing for Selling Houses (% of Households)



Car Purchase Indicator Three-Month Low



The Car Purchase Indicator remained broadly stable at 96.3 in April compared with 96.5 in the previous month as more respondents expressed willingness to purchase a car in spite of 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.

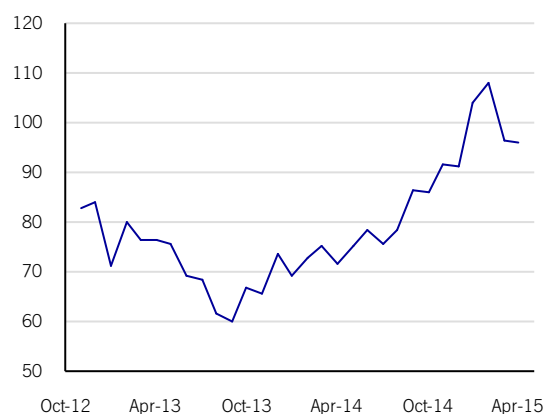
After hitting a record low in September 2013, the Car Purchase Indicator has risen sharply, though mostly due to lower expectations for gasoline prices. However, this month, the Car Purchase Indicator was driven by higher optimism for purchase sentiment even though gasoline price expectations trended up. The indicator averaged 100.3 in the three months to April, substantially above last year's average of 79.4.

The Car Purchase Expectations component, which gauges whether consumers believe it is a good or bad time to purchase a car over the next 12 months, rose to 103.8 in April from 100.7 in March.

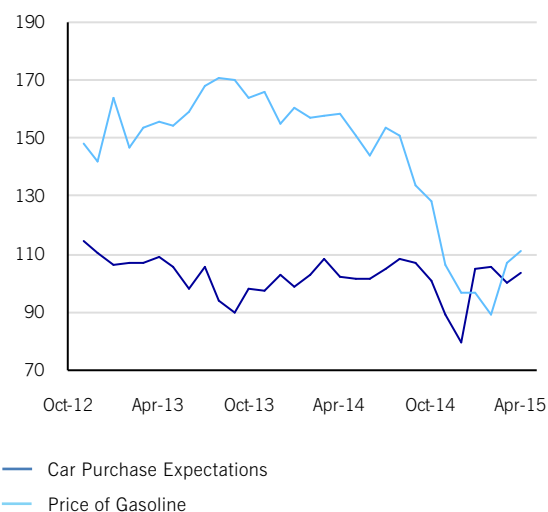
Of those who felt it was a good time to purchase a car, the majority reported that it was because of higher purchasing power.

Official car sales in India rose by 2.6% on the year in March following a rise of 6.9% on the year in February. In 2014, car sales increased by 2.7% to 1.86 million units compared with a contraction of almost 10% a year earlier as the government temporarily lowered excise taxes. In addition, consumers also benefitted

Car Purchase Indicator



Car Purchase Indicator - Components



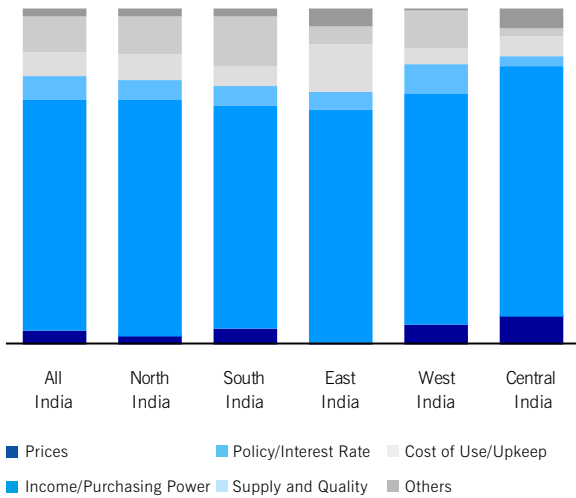
Car Purchase Sentiment

	Apr-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15
Car Purchase Sentiment	71.7	91.7	91.4	104.0	108.1	96.5	96.3
Car Purchase Expectations	102.3	89.8	79.7	105.1	105.8	100.7	103.8
Price of Gasoline	158.8	106.3	96.9	97.0	89.5	107.6	111.2

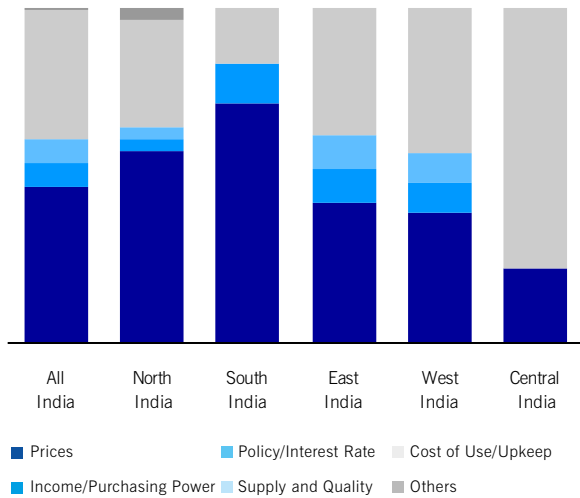
Car Purchase Indicator Regions



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



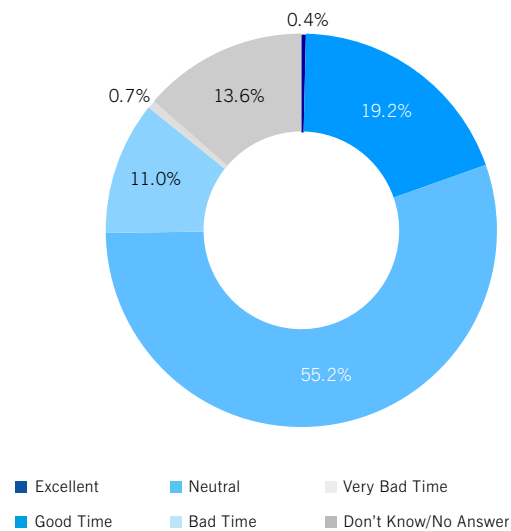
Reasons for a Bad Time to Buy a Car (% of Households)



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 the 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. However since the last month, expectations have started rising with the indicator increasing to a six-month high of 111.2 from 107.6 from in March, suggesting a normalisation of expectations.

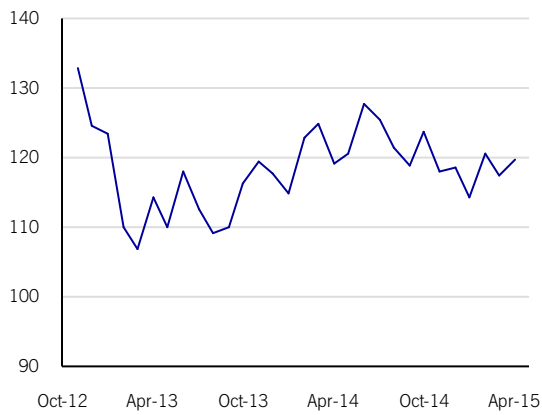
Is it a Good Time to Buy a Car? (% of Households)



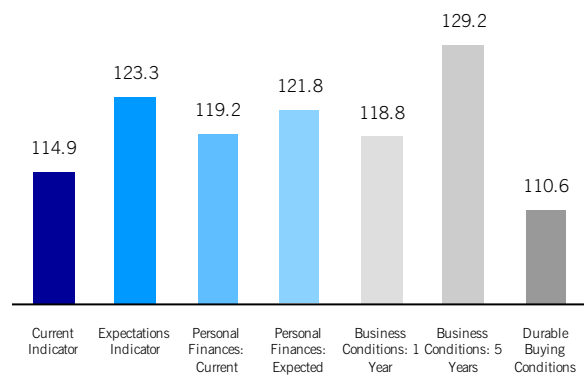
MNI India Consumer Indicator Regions



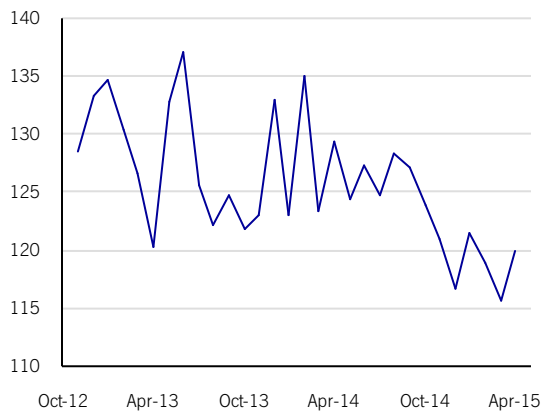
Consumer Indicator: North India



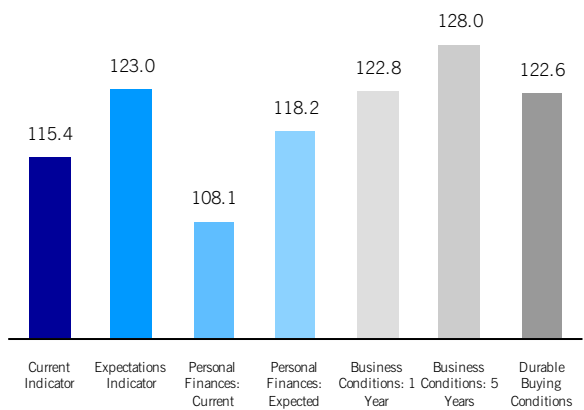
Consumer Indicator Components: North India



Consumer Indicator: South India

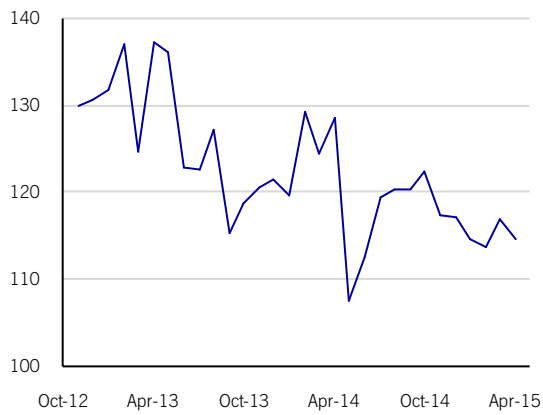


Consumer Indicator Components: South India

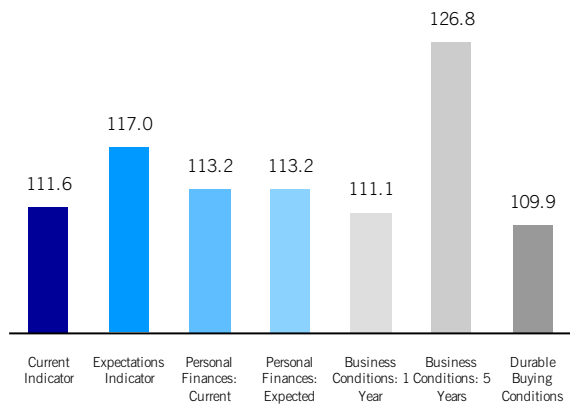




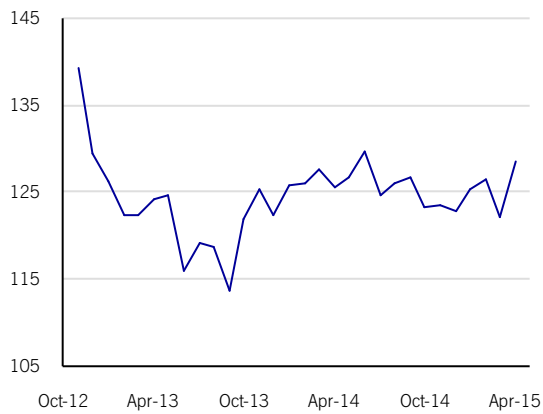
Consumer Indicator: East India



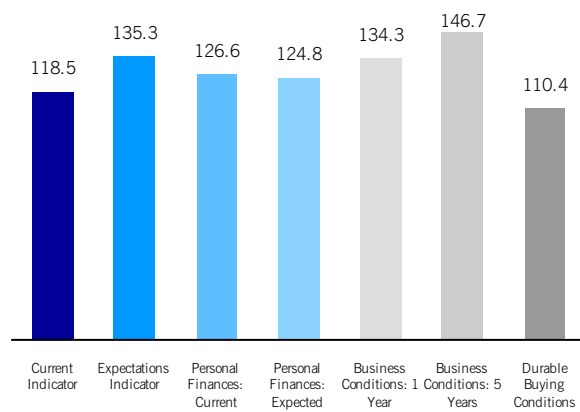
Consumer Indicator Components: East India



Consumer Indicator: West India

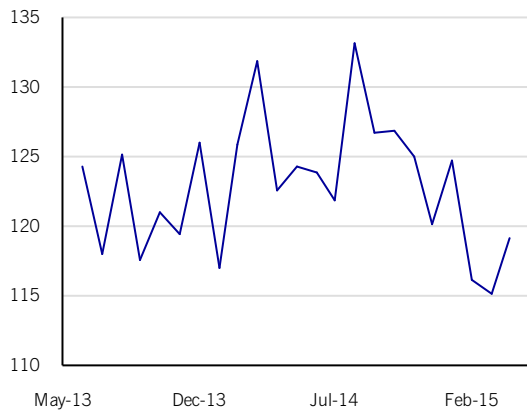


Consumer Indicator Components: West India

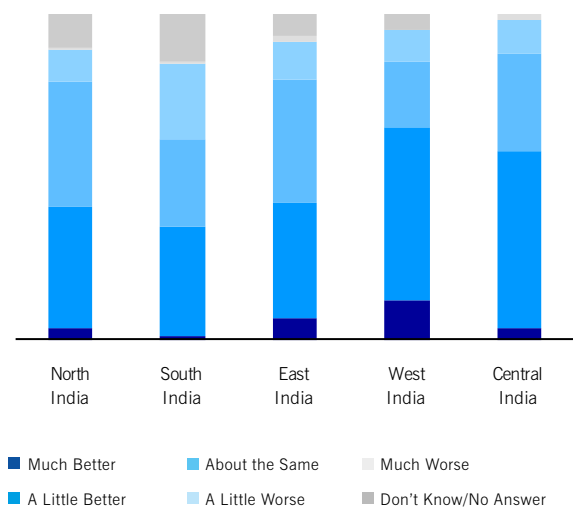




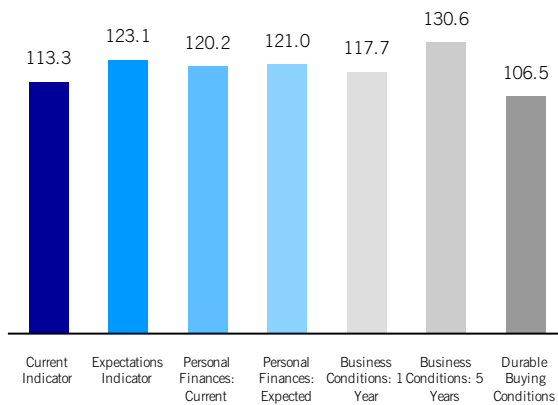
Consumer Indicator: Central India



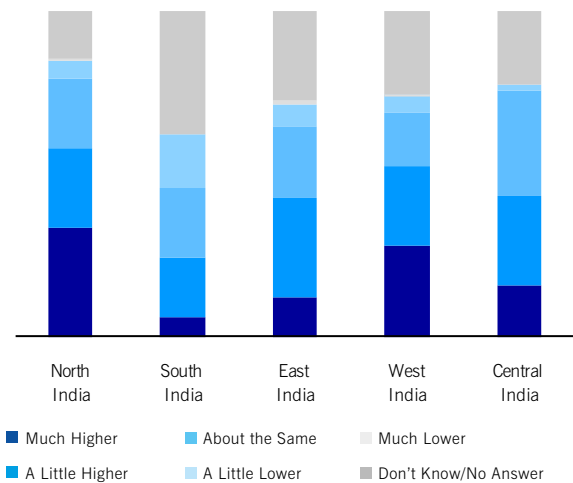
Employment Outlook for the Next 12 Months (% of Households)



Consumer Indicator Components: Central India

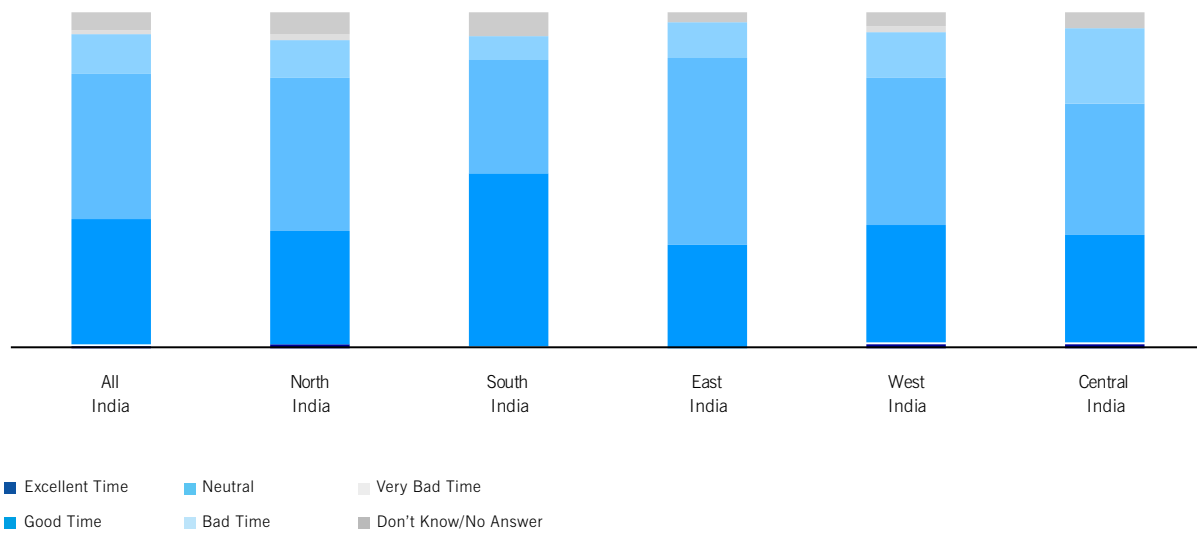


Interest Rate Expectations on House and Car Loans Indicator (% of Households)

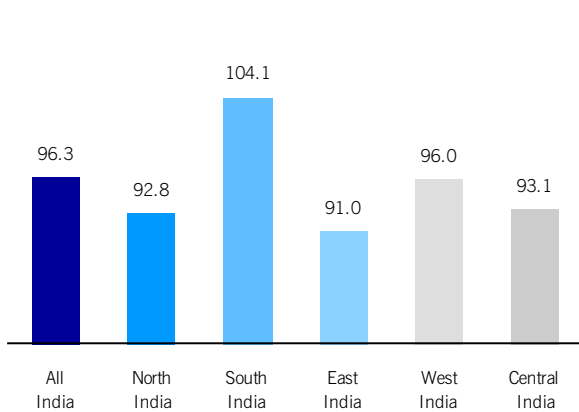




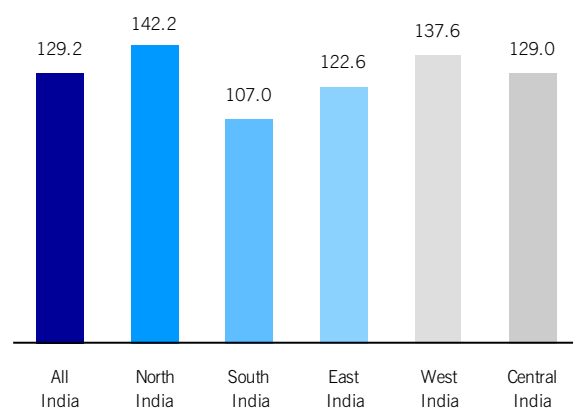
Is it a Good/Bad Time to Buy Large Household Goods? (% of Households)



Car Purchase Indicator - Regions



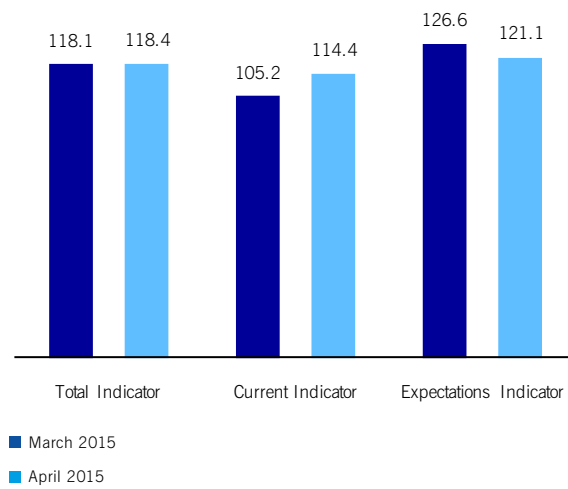
Interest Rates Expectations (% of Households)



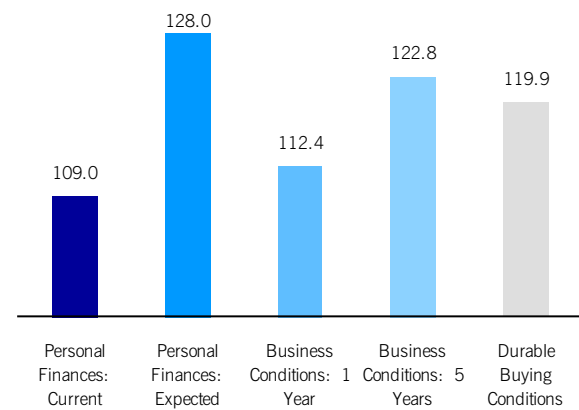
MNI India Consumer Indicator Income Groups



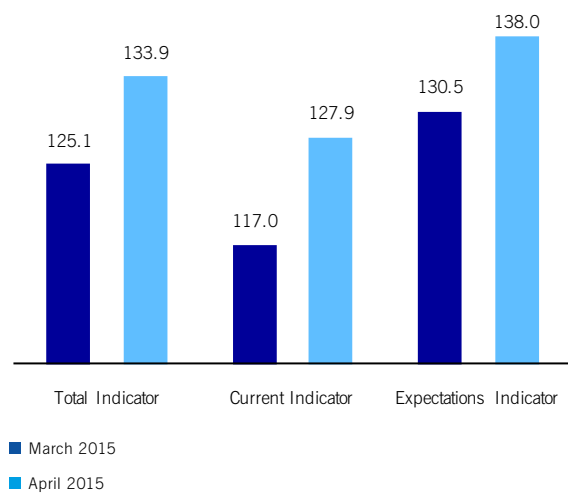
< Rs. 432,000 per annum



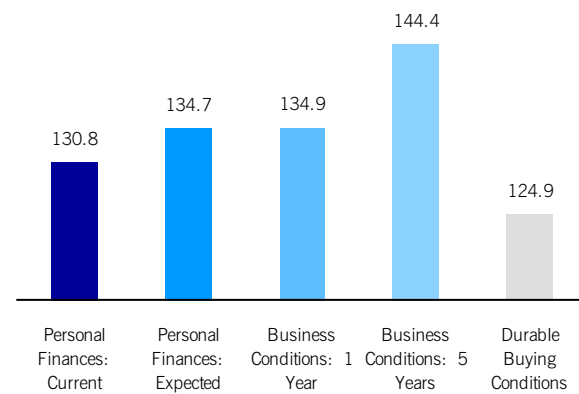
< Rs. 432,000 - Components



> Rs. 432,000 per annum



> Rs. 432,000 - Components



Both high and low-income households were more confident in April.

However, the rise in the indicator was much sharper in households with an average annual income over Rs. 432,000 than in those which fall into the low-income bracket.



What the Panel Said



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

"There is general development in our region."

"We are controlling our expenses."

"Condition of roads in the city is poor."

"We are happy with our income."

"There is more competition in business."

"Online shopping is good."

"Business conditions will depend on policies of the government."

"Interest rates on house loans are less these days."

"No projects are coming up in this region."

"The earning person has retired this year and hence the financial situation of the family is little poor compared with last year."

"We will go for a second hand car as new cars are expensive."

"Builders are giving discounts."

"There is a good scope for business in our city."

"Transportation costs will come down."

"Business conditions will depend on rains."



Data Tables

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

North India Overview

	Feb-14	Mar-15	Apr-15	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
North India Consumer Indicator	120.8	117.6	119.9	Feb-15	-	119.4	2.3	1.9%
Current Indicator	114.8	110.6	114.9	Jun-14	-	113.4	4.3	3.9%
Expectations Indicator	124.8	122.4	123.3	Feb-15	-	123.5	0.9	0.7%
Personal Finance: Current	117.5	111.7	119.2	Jun-14	-	116.1	7.5	6.7%
Personal Finance: Expected	123.1	118.8	121.8	Feb-15	-	121.2	3.0	2.6%
Business Condition: 1 Year	123.3	118.9	118.8	-	Jan-15	120.3	-0.1	-0.1%
Business Condition: 5 Years	127.9	129.5	129.2	-	Feb-15	128.9	-0.3	-0.2%
Durable Buying Conditions	112.2	109.4	110.6	Feb-15	-	110.7	1.2	1.1%
Current Business Conditions Indicator	114.2	106.4	107.3	Feb-15	-	109.3	0.9	0.9%
Stock Investment Indicator	94.5	130.7	133.3	series high	-	119.5	2.6	2.0%
Real Estate Investment Indicator	118.0	117.1	121.4	Jul-13	-	118.8	4.3	3.6%
Car Purchase Indicator	103.9	96.9	92.8	-	Nov-14	97.9	-4.1	-4.2%
Employment Outlook Indicator	118.1	110.8	116.5	Feb-15	-	115.1	5.7	5.2%
Inflation Expectations Indicator	115.7	128.8	140.8	Jul-14	-	128.4	12.0	9.4%
Current Prices Satisfaction Indicator	98.8	96.8	90.2	-	Jan-15	95.3	-6.6	-6.8%
Interest Rates Expectations Indicator	135.6	129.3	142.2	Jun-14	-	135.7	12.9	10.1%

South India Overview

	Feb-14	Mar-15	Apr-15	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
South India Consumer Indicator	119.0	115.7	120.0	Jan-15	-	118.2	4.3	3.7%
Current Indicator	114.3	107.8	115.4	Sep-14	-	112.5	7.6	7.0%
Expectations Indicator	122.1	121.0	123.0	Jan-15	-	122.0	2.0	1.7%
Personal Finance: Current	112.8	111.6	108.1	-	series low	110.8	-3.5	-3.1%
Personal Finance: Expected	126.8	121.3	118.2	-	May-14	122.1	-3.1	-2.6%
Business Condition: 1 Year	115.8	117.0	122.8	Oct-14	-	118.5	5.8	4.9%
Business Condition: 5 Years	123.7	124.6	128.0	Jan-15	-	125.4	3.4	2.7%
Durable Buying Conditions	115.8	104.0	122.6	Aug-14	-	114.1	18.6	17.8%
Current Business Conditions Indicator	118.4	107.6	116.2	Feb-15	-	114.1	8.6	7.9%
Stock Investment Indicator	116.7	-	129.3	Dec-14	-	82.0	129.3	0.0%
Real Estate Investment Indicator	111.3	107.7	109.9	Feb-15	-	109.6	2.2	2.0%
Car Purchase Indicator	113.0	100.6	104.1	Feb-15	-	105.9	3.5	3.6%
Employment Outlook Indicator	125.3	116.7	105.7	-	Apr-13	115.9	-11.0	-9.4%
Inflation Expectations Indicator	134.2	137.2	127.5	-	Nov-14	133.0	-9.7	-7.1%
Current Prices Satisfaction Indicator	113.7	110.0	101.1	-	Nov-14	108.3	-8.9	-8.1%
Interest Rates Expectations Indicator	98.5	109.8	107.0	-	Feb-15	105.1	-2.8	-2.5%

East India Overview

	Feb-14	Mar-15	Apr-15	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
East India Consumer Indicator	113.9	117.1	114.8	-	Feb-15	115.3	-2.3	-1.9%
Current Indicator	107.0	107.9	111.6	Sep-14	-	108.8	3.7	3.4%
Expectations Indicator	118.5	123.2	117.0	-	May-14	119.6	-6.2	-5.0%
Personal Finance: Current	108.6	110.3	113.2	Nov-14	-	110.7	2.9	2.6%
Personal Finance: Expected	117.4	123.0	113.2	-	Jul-14	117.9	-9.8	-8.0%
Business Condition: 1 Year	106.7	113.4	111.1	-	Feb-15	110.4	-2.3	-2.0%
Business Condition: 5 Years	131.4	133.1	126.8	-	Sep-14	130.4	-6.3	-4.8%
Durable Buying Conditions	105.4	105.5	109.9	Sep-14	-	106.9	4.4	4.1%
Current Business Conditions Indicator	111.2	113.7	106.7	-	Nov-14	110.5	-7.0	-6.2%
Stock Investment Indicator	116.7	116.7	141.7	series high	-	125.0	25.0	21.4%
Real Estate Investment Indicator	112.8	109.7	113.2	Oct-14	-	111.9	3.5	3.1%
Car Purchase Indicator	105.0	94.0	91.0	-	Dec-14	96.7	-3.0	-3.2%
Employment Outlook Indicator	119.3	117.9	117.2	-	Nov-14	118.1	-0.7	-0.6%
Inflation Expectations Indicator	115.7	126.3	125.1	-	Feb-15	122.4	-1.2	-1.0%
Current Prices Satisfaction Indicator	99.0	102.2	94.7	-	Sep-14	98.6	-7.5	-7.2%
Interest Rates Expectations Indicator	125.2	121.4	122.6	Feb-15	-	123.1	1.2	1.0%

West India Overview

	Feb-14	Mar-15	Apr-15	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
West India Consumer Indicator	126.7	122.2	128.6	Jun-14	-	125.8	6.4	5.2%
Current Indicator	118.7	112.6	118.5	Feb-15	-	116.6	5.9	5.3%
Expectations Indicator	131.9	128.7	135.3	Jun-14	-	132.0	6.6	5.1%
Personal Finance: Current	122.1	121.8	126.6	Nov-13	-	123.5	4.8	3.9%
Personal Finance: Expected	125.1	121.3	124.8	Feb-15	-	123.7	3.5	2.9%
Business Condition: 1 Year	125.9	124.6	134.3	Jun-14	-	128.3	9.7	7.8%
Business Condition: 5 Years	144.8	140.0	146.7	Jun-14	-	143.8	6.7	4.8%
Durable Buying Conditions	115.4	103.3	110.4	Feb-15	-	109.7	7.1	6.9%
Current Business Conditions Indicator	121.4	114.6	121.2	Feb-15	-	119.1	6.6	5.7%
Stock Investment Indicator	119.7	128.0	131.2	series high	-	126.3	3.2	2.5%
Real Estate Investment Indicator	114.9	113.2	115.6	Jan-15	-	114.6	2.4	2.1%
Car Purchase Indicator	109.0	94.7	96.0	Feb-15	-	99.9	1.3	1.4%
Employment Outlook Indicator	123.6	119.1	133.9	series high	-	125.5	14.8	12.4%
Inflation Expectations Indicator	113.3	135.3	138.4	May-14	-	129.0	3.1	2.3%
Current Prices Satisfaction Indicator	94.2	80.5	87.2	Feb-15	-	87.3	6.7	8.3%
Interest Rates Expectations Indicator	131.8	125.4	137.6	Apr-14	-	131.6	12.2	9.7%

Central India Overview

	Feb-14	Mar-15	Apr-15	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
Central India Consumer Indicator	116.2	115.2	119.2	Jan-15	-	116.9	4.0	3.5%
Current Indicator	103.3	105.4	113.3	Jan-15	-	107.3	7.9	7.5%
Expectations Indicator	124.8	121.7	123.1	Feb-15	-	123.2	1.4	1.2%
Personal Finance: Current	105.7	105.8	120.2	Jan-15	-	110.6	14.4	13.5%
Personal Finance: Expected	119.8	124.2	121.0	-	Feb-15	121.7	-3.2	-2.6%
Business Condition: 1 Year	121.7	115.8	117.7	Feb-15	-	118.4	1.9	1.6%
Business Condition: 5 Years	133.0	125.0	130.6	Feb-15	-	129.5	5.6	4.5%
Durable Buying Conditions	100.9	105.0	106.5	Jan-15	-	104.1	1.5	1.4%
Current Business Conditions Indicator	115.1	105.8	115.3	Jan-15	-	112.1	9.5	9.0%
Stock Investment Indicator	-	-	-	-	-	-	-	-
Real Estate Investment Indicator	114.2	107.2	113.4	Feb-15	-	111.6	6.2	5.8%
Car Purchase Indicator	109.0	95.0	93.1	-	Dec-14	99.0	-1.9	-2.0%
Employment Outlook Indicator	118.9	118.3	121.8	Dec-14	-	119.7	3.5	2.9%
Inflation Expectations Indicator	121.7	132.5	129.0	-	Feb-15	127.7	-3.5	-2.6%
Current Prices Satisfaction Indicator	92.5	100.8	95.2	-	Feb-15	96.2	-5.6	-5.6%
Interest Rates Expectations Indicator	129.2	120.8	129.0	Feb-15	-	126.3	8.2	6.8%

All India - Overview by Age

	Feb-14	Mar-15	Apr-15	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
Age 18-34								
MNI India Consumer Indicator	122.2	120.3	126.8	Sep-14	-	123.1	6.5	5.4%
Current Indicator	115.8	110.1	120.2	Sep-14	-	115.4	10.1	9.2%
Expectations Indicator	126.5	127.2	131.2	Oct-14	-	128.3	4.0	3.2%
Personal Finance: Current	116.8	115.7	120.7	Jul-14	-	117.7	5.0	4.3%
Personal Finance: Expected	125.6	123.3	127.5	Dec-14	-	125.5	4.2	3.4%
Business Condition: 1 Year	119.9	122.0	127.9	Oct-14	-	123.3	5.9	4.8%
Business Condition: 5 Years	133.9	136.1	138.3	Dec-14	-	136.1	2.2	1.6%
Durable Buying Conditions	114.8	104.5	119.7	Sep-14	-	113.0	15.2	14.5%
Age 35-54								
MNI India Consumer Indicator	120.2	117.8	121.0	Nov-14	-	119.7	3.2	2.7%
Current Indicator	113.1	110.0	114.5	Sep-14	-	112.5	4.5	4.1%
Expectations Indicator	125.0	123.0	125.3	Jan-15	-	124.4	2.3	1.9%
Personal Finance: Current	116.5	115.2	119.5	Jun-14	-	117.1	4.3	3.7%
Personal Finance: Expected	123.7	120.2	119.7	-	May-14	121.2	-0.5	-0.4%
Business Condition: 1 Year	118.9	118.7	122.6	Oct-14	-	120.1	3.9	3.3%
Business Condition: 5 Years	132.4	130.1	133.4	Dec-14	-	132.0	3.3	2.6%
Durable Buying Conditions	109.7	104.9	109.6	Feb-15	-	108.1	4.7	4.5%
Age 55-64								
MNI India Consumer Indicator	122.1	116.7	117.3	Feb-15	-	118.7	0.6	0.5%
Current Indicator	115.4	109.3	111.4	Feb-15	-	112.0	2.1	1.9%
Expectations Indicator	126.6	121.7	121.3	-	Jan-15	123.2	-0.4	-0.3%
Personal Finance: Current	115.1	109.8	111.0	Feb-15	-	112.0	1.2	1.1%
Personal Finance: Expected	120.0	119.0	112.6	-	Oct-13	117.2	-6.4	-5.4%
Business Condition: 1 Year	124.6	116.4	120.3	Feb-15	-	120.4	3.9	3.4%
Business Condition: 5 Years	135.3	129.6	131.1	Feb-15	-	132.0	1.5	1.2%
Durable Buying Conditions	115.6	108.8	111.7	Feb-15	-	112.0	2.9	2.7%

All India - Overview by Income

	Feb-14	Mar-15	Apr-15	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
< Rs. 432,000 per annum								
MNI India Consumer Indicator	121.8	118.1	118.4	Feb-15	-	119.4	0.3	0.3%
Current Indicator	112.3	105.2	114.4	Sep-14	-	110.6	9.2	8.7%
Expectations Indicator	128.2	126.6	121.1	-	Jan-15	125.3	-5.5	-4.4%
Personal Finance: Current	106.6	108.8	109.0	Jan-15	-	108.1	0.2	0.1%
Personal Finance: Expected	121.1	122.2	128.0	Aug-14	-	123.8	5.8	4.7%
Business Condition: 1 Year	125.3	127.7	112.4	-	Mar-13	121.8	-15.3	-12.0%
Business Condition: 5 Year	138.1	129.8	122.8	-	Jan-15	130.2	-7.0	-5.4%
Durable Buying Conditions	118.0	101.7	119.9	Sep-14	-	113.2	18.2	17.9%
> Rs. 432,000 per annum								
MNI India Consumer Indicator	129.2	125.1	133.9	Jun-14	-	129.4	8.8	7.1%
Current Indicator	123.3	117.0	127.9	series high	-	122.7	10.9	9.3%
Expectations Indicator	133.1	130.5	138.0	Nov-14	-	133.9	7.5	5.8%
Personal Finance: Current	124.1	123.9	130.8	Jun-14	-	126.3	6.9	5.6%
Personal Finance: Expected	131.3	126.7	134.7	Jan-15	-	130.9	8.0	6.4%
Business Condition: 1 Year	127.6	124.5	134.9	Oct-14	-	129.0	10.4	8.4%
Business Condition: 5 Year	140.3	140.3	144.4	Dec-14	-	141.7	4.1	2.9%
Durable Buying Conditions	122.4	110.1	124.9	Aug-14	-	119.1	14.8	13.4%

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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