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# MNI India Consumer Report July 2014

Insight and data for better decisions

## About MNI Indicators

### Insight and data for better decisions

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

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

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

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

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#### Release Time

Embargoed until 9:45 a.m. Mumbai time

August 1, 2014

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# MNI India Consumer Report - July 2014

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## Dal without Tarka

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The government's maiden budget tried to appease all, offering something for everyone. But it lacked spice – it was rather like making a dal without the tarka!

The finance minister, Arun Jaitley, in his maiden budget speech tried to appease all, offering something for everyone. But his platter lacked spice – it was rather like making a dal without the tarka.

What the budget did do was clearly signal the pro-right policies of Prime Minister Narendra Modi and the Bharatiya Janata Party. But while it had the feel good factor, it lacked detail and failed to provide a clear roadmap for tough reforms. We expected to see more concrete proposals from Modi's government which has, after all, secured the strongest mandate in 30 years.

The government expects economic growth, which has been below 5% for two consecutive years, the worst performance in a quarter of a century, to bounce back to 5.4%-5.9% in the current fiscal year and an annual 7-8% in the next three years. To achieve this, it has pledged to sharply cut government debt, bring down inflation, heavily invest in infrastructure and create more jobs. Infrastructure is the key priority with a clear goal to increase investment in areas such as roads, railways, power and airports. India, though, is not like China and we need to see just how well Modi's plans hold up against a wave of red tape which has in the past stymied infrastructure improvement.

Maintaining the comparison with China, India does not have an excess of money to splurge. The government's hands are tied by a sizeable fiscal deficit and so there is reliance on public-private partnership projects and a need to attract foreign investment. The latter will be helped by the relaxation of rules on foreign ownership with the budget announcing that it will allow 49% foreign ownership in local defence ventures and insurance companies. Since 2001, when the defence sector was first opened, it has attracted a meagre \$4.1 million in foreign investment, much lower than other industries such as telecoms, software services etc.

Certain policies have been drafted to encourage savings and provide relief to the middle class who have been burdened by persistently high inflation in the country over the past two years. An increase in income tax deduction limits helps, and so do the concessions for automobile and consumer durable sectors that have already been extended by six months. Increased investment in agricultural storage may help deal with food supply issues, the main contributor to stubborn food inflation.

On other areas the budget drafted plans to introduce the long overdue goods and services tax by the end of the year, which is expected to simplify India's cumbersome tax system by replacing a series of existing taxes such as value added tax, excise duty and service tax to raise revenues. There was, though, little information on implementing it. It won't be easy as it is opposed by many states.

Finally the budget failed to address in detail key areas such as subsidies which Modi's government must try to get to grips with. All in all it was a budget focused on encouraging investment, personal savings and fiscal management and has in general avoided the usual freebies previous finance ministers have given in to, a rare move in a poverty stricken nation. But with little detail it failed to stimulate our taste buds.

**Shaily Mittal**

Economist

MNI Indicators





# Executive Summary

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Consumer sentiment slipped slightly in July from a Modi inspired rise in June, but it still remains at a relatively high level.

Consumer sentiment slipped slightly in July from a Modi inspired rise in June, but it still remains at a relatively high level.

The MNI India Consumer Indicator fell by 2.1 points to 124.1 in July from 126.2 in June as consumers were less optimistic about both current conditions as well as future expectations.

The government's maiden budget took place on July 10, which was towards the end of our survey period and hence the full impact of it won't be seen until our August report. The budget focused on encouraging investment, personal savings and fiscal management. Even though the government tried to appease everyone in its maiden budget, it lacked in detail on several important fronts such as measures to control inflation and fiscal deficit.

All five components which make up the Consumer Indicator fell apart from the Durable Buying Conditions Indicator which rose slightly. Current Personal Finances led the decline in consumer sentiment, followed by Expected Personal Finances and Business Conditions in Five Years.

Respondents were less confident about their finances in the current month and also about their finances in the next 12 months in spite of tax saving measures offered by the government in its budget which would improve household incomes.

The Current Business Conditions Indicator, which measures respondents' views on the state of business compared with a year earlier, eased to 107.7 in July from 111.4 in June. Around half of respondents thought Business Conditions in a Year's time would be better, although there was a significant rise in the proportion of those who were unsure and did not answer.

Consumers' dissatisfaction with the current level of prices eased for the second time in July, while

expectations for inflation rose again after falling to the lowest for a year and a half in June.

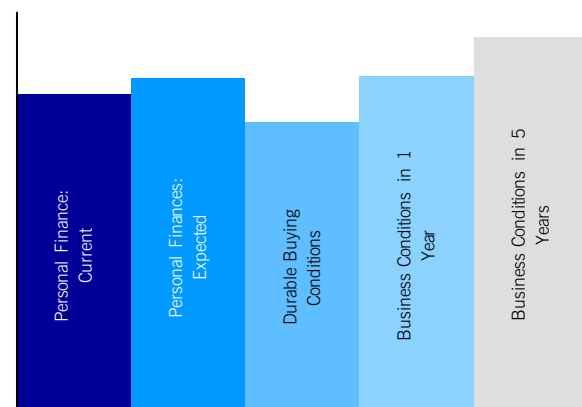
The Interest Rates Expectations Indicator declined 5.1 points on the month to 130.2 in July from 135.3 in June.

While consumer confidence has been reasonably stable in recent months, sentiment on the real estate market fell for the fifth consecutive month.

The Car Purchase Expectations component, which gauges whether consumers believe it is a good or bad time to purchase a car over the next 12 months, increased to a four month high after the announcement of an extension to tax cuts on automobiles.

After two significant rises in the run up to the elections, the Stock Investment Indicator declined for the second straight month to 112.9 in July compared with 118.4 in June due to lower stock market expectations and a strong view that equity prices were already very high.

#### MNI India Consumer Indicator - Components



## All India - Overview

	May-14	Jun-14	Jul-14	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
<b>MNI India Consumer Indicator</b>	122.1	126.2	124.1	-	May-14	124.1	-2.1	-1.6%
Current Indicator	114.6	115.7	114.2	-	Apr-14	114.8	-1.5	-1.3%
Expectations Indicator	127.2	133.2	130.8	-	May-14	130.4	-2.4	-1.8%
Personal Finance: Current	120.6	122.9	119.1	-	Oct-13	120.9	-3.8	-3.1%
Personal Finance: Expected	122.5	128.1	125.2	-	May-14	125.3	-2.9	-2.2%
Business Condition: 1 Year	122.3	127.2	125.9	-	May-14	125.1	-1.3	-1.0%
Business Condition: 5 Years	136.8	144.5	141.3	-	May-14	140.9	-3.2	-2.2%
Durable Buying Conditions	108.6	108.5	109.3	Mar-14	-	108.8	0.8	0.7%
Current Business Conditions Indicator	104.7	111.4	107.7	-	May-14	107.9	-3.7	-3.3%
Stock Investment Indicator	120.6	118.4	112.9	-	Apr-14	117.3	-5.5	-4.6%
Real Estate Investment Indicator	111.9	110.6	110.3	-	Sep-13	110.9	-0.3	-0.3%
Car Purchase Indicator	75.2	78.6	75.6	-	May-14	76.5	-3.0	-3.8%
Employment Outlook Indicator	116.5	122.5	119.9	-	May-14	119.6	-2.6	-2.2%
Inflation Expectations Indicator	146.4	131.5	137.0	May-14	-	138.3	5.5	4.2%
Current Prices Satisfaction Indicator	63.0	69.8	72.5	Feb-14	-	68.4	2.7	3.9%
Interest Rates Expectations Indicator	130.1	135.3	130.2	-	May-14	131.9	-5.1	-3.7%



## All India - Summary

	2013						2014						
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
<b>MNI India Consumer Indicator</b>	119.5	118.7	115.9	120.2	122.5	123.9	121.2	127.8	125.8	125.2	122.1	126.2	124.1
Current Indicator	114.1	113.9	109.3	113.9	117.0	119.0	113.2	118.4	115.5	114.1	114.6	115.7	114.2
Expectations Indicator	123.0	122.0	120.3	124.3	126.2	127.2	126.6	134.2	132.8	132.6	127.2	133.2	130.8
Personal Finance: Current	114.2	116.3	118.0	117.1	123.3	122.5	120.5	125.3	119.4	121.8	120.6	122.9	119.1
Personal Finance: Expected	121.9	122.1	118.4	122.4	125.3	131.0	127.8	137.4	133.1	130.2	122.5	128.1	125.2
Business Condition: 1 Year	121.2	115.3	114.1	119.3	118.2	117.4	119.3	128.2	124.5	126.3	122.3	127.2	125.9
Business Condition: 5 Years	126.0	128.5	128.4	131.3	135.2	133.1	132.7	136.9	140.8	141.3	136.8	144.5	141.3
Durable Buying Conditions	114.0	111.5	100.7	110.7	110.7	115.5	106.0	111.4	111.6	106.4	108.6	108.5	109.3
<b>Current Business Conditions Indicator</b>	113.1	111.4	108.9	108.2	109.1	114.5	108.9	116.0	102.9	106.3	104.7	111.4	107.7
<b>Stock Investment Indicator</b>	105.1	104.5	106.4	96.8	96.8	102.3	102.3	105.1	89.7	110.9	120.6	118.4	112.9
Investment Return	112.7	110.9	125.2	94.0	93.5	100.5	103.0	104.5	82.7	114.6	139.1	132.8	131.1
Stock Price Sentiment	111.9	116.5	124.8	107.5	115.8	105.8	107.4	103.7	128.6	119.3	112.8	117.8	125.6
Stock Market Expectations	114.6	119.2	118.8	103.8	112.6	112.1	111.1	114.3	114.9	137.4	135.5	140.1	133.2
<b>Real Estate Investment Indicator</b>	115.1	109.8	109.7	110.4	113.2	114.4	114.2	119.1	117.8	114.4	111.9	110.6	110.3
House Price Expectations	135.1	140.8	144.7	148.6	147.9	143.8	143.1	152.6	148.6	145.9	139.8	142.6	144.9
House Buying Sentiment	114.7	100.6	98.1	95.0	92.8	104.8	94.9	107.7	102.8	102.1	103.2	99.1	99.7
House Selling Sentiment	104.4	111.9	113.6	112.5	101.2	105.4	95.5	102.9	98.2	104.9	107.3	110.0	113.7
<b>Car Purchase Indicator</b>	68.5	61.6	60.1	67.1	65.7	73.8	69.2	73.0	75.3	71.7	75.2	78.6	75.6
Car Purchase Expectations	105.7	94.3	90.3	98.4	97.7	103.0	99.0	103.2	108.9	102.3	101.8	101.7	105.4
Price of Gasoline Expectations	168.7	171.0	170.2	164.1	166.3	155.4	160.6	157.2	158.3	158.8	151.4	144.6	154.2
<b>Employment Outlook Indicator</b>	120.9	119.2	113.2	114.6	121.0	117.6	112.0	121.8	115.7	115.7	116.5	122.5	119.9
Inflation Expectations Indicator	144.4	152.9	156.1	152.4	159.2	152.6	153.6	154.8	154.2	152.2	146.4	131.5	137.0
Current Prices Satisfaction Indicator	93.9	92.6	83.2	90.2	70.2	86.2	75.7	75.4	67.2	66.3	63.0	69.8	72.5
Interest Rates Expectations Indicator	129.6	133.8	136.1	137.5	138.8	140.4	136.3	134.6	133.0	133.6	130.1	135.3	130.2

## All India - Records

	2012-Current			
	Minimum	Maximum	Mean	Median
<b>MNI India Consumer Indicator</b>	115.9	133.7	123.7	123.9
Current Indicator	109.3	128.3	116.9	115.5
Expectations Indicator	120.3	137.3	128.2	127.2
Personal Finance: Current	114.2	135.4	121.9	121.1
Personal Finance: Expected	118.4	141.5	128.8	128.3
Business Condition: 1 Year	114.1	131.8	122.2	121.2
Business Condition: 5 Years	123.9	144.5	133.7	132.8
Durable Buying Conditions	100.7	121.1	111.9	111.5
<b>Current Business Conditions Indicator</b>	102.9	124.9	113.8	113.1
<b>Stock Investment Indicator</b>	89.7	120.6	105.2	104.5
Investment Return	82.7	139.1	111.9	110.1
Stock Price Sentiment	100.4	128.6	111.7	109.7
Stock Market Expectations	103.8	140.1	118.0	114.6
<b>Real Estate Investment Indicator</b>	109.7	119.9	114.2	114.3
House Price Expectations	133.3	152.6	142.7	142.9
House Buying Sentiment	92.8	121.5	106.1	104.8
House Selling Sentiment	95.5	113.7	106.8	107.3
<b>Car Purchase Indicator</b>	60.1	84.0	73.0	73.8
Car Purchase Expectations	90.3	114.8	103.5	103.2
Price of Gasoline Expectations	142.5	171.0	157.5	157.2
<b>Employment Outlook Indicator</b>	112.0	128.3	119.3	119.2
Inflation Expectations Indicator	126.8	159.2	146.3	149.4
Current Prices Satisfaction Indicator	63.0	115.9	84.0	83.2
Interest Rates Expectations Indicator	116.6	140.4	130.8	131.4

# Consumer sentiment eased slightly in July.

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The MNI India Consumer Indicator fell by 2.1 points to 124.1 in July from 126.2 in June as consumers were less optimistic about both current conditions as well as future expectations.





# Economic Landscape

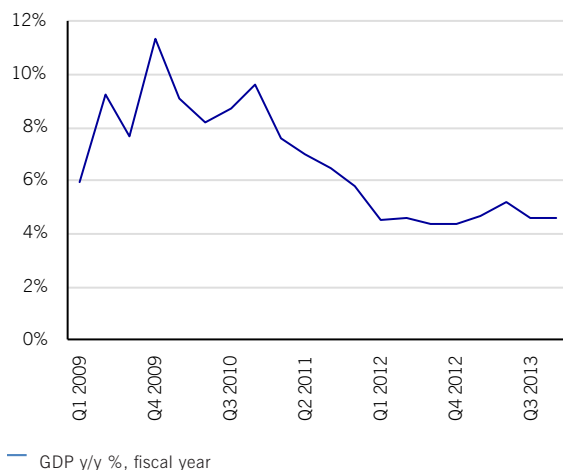
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In its first budget, the government vowed to lift economic growth to 7-8% in the next three years by promoting manufacturing growth, investment in infrastructure and reducing the fiscal deficit to as low as 3% by 2016.

In its first budget, the government vowed to lift economic growth to 7-8% in the next three years by promoting manufacturing growth, investment in infrastructure and reducing the fiscal deficit to as low as 3% by 2016. The budget focused on attracting foreign capital by opening sectors, encouraging personal savings and creating incentives for businesses to invest. Disappointingly, the budget fell short of being strict on overhauling subsidies and lacked detail in the implementation of the goods and services tax that is expected to boost revenue and make it easier to do business.

The latest economic data from India has been encouraging and showed some signs of revival. Consumer price inflation eased to the lowest on record in June, while wholesale price inflation fell to a four month low. However, with fears that a below normal monsoon will put upward pressure on food prices, and that tensions in Iraq and Russia will negatively impact the fuel import bill, it will be challenging for the Reserve Bank of India to cut interest rates. Industrial production expanded for the second consecutive month in May, of which output of consumer durables grew for the first time in 18 months, a tentative sign of a revival in consumer demand.

### Economic Growth



Source: Central Statistical Organisation, India

### Economic growth remains subdued

The economy grew by 4.7% in 2013-14, slightly above the 4.5% growth witnessed a year earlier. This was the first time in 26 years that growth has been below 5% for two successive years.

India's GDP slowed to 4.6% on the year in the three months to March, down from 4.7% in the previous quarter. It was, though, marginally above the 4.4% rate seen in the same period a year ago.

Data on an output basis showed that growth in the three months to March was boosted by agriculture which grew 6.3% on the year, compared with 3.7% in the previous quarter and 1.6% in the same quarter a year earlier. Manufacturing data was disappointing and remained in contraction, declining by 1.4% compared with a fall of 1.5% in the previous quarter, and substantially below the growth of 3% in the same quarter a year earlier. Service sector output, grew by 12.4%, down from 14.1% in the previous quarter but up from the 11.2% increase seen in the January-March quarter a year ago.

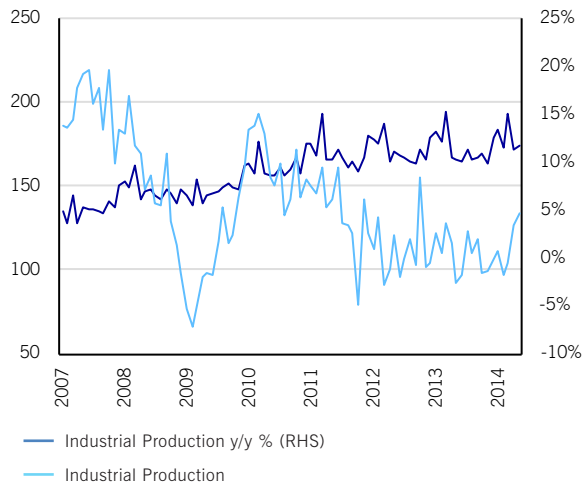
The government expects the economy to grow by 5.4%-5.9% in the current fiscal year, although a poor monsoon, relatively weak external environment and weak investment means growth closer to the lower end of the forecast range seems more likely.

### May industrial output expands

Industrial production accelerated in May by 4.7% on the year from 3.4% in April, the second consecutive rise on the month.

Manufacturing, which contributes about 75% to industrial output, grew by 4.8% on the year, the highest since October 2012 and up from 2.5% in the previous month. Sixteen out of the 22 industry groups within the manufacturing sector expanded in May, led by a huge 60% rise in 'Furniture manufacturing', followed by 37.1% growth in 'Tobacco products' sector and a 33.7% increase in the output of 'Electrical machinery and apparatus'. The industry group 'Radio, TV and communication equipment and apparatus'

## Industrial Production



Source: Central Statistical Organisation, India

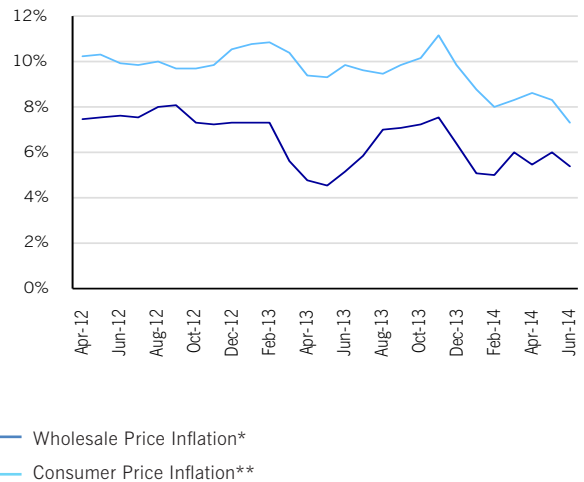
showed the highest negative growth of 40.3%, followed by a 28.6% decline in 'Office, accounting and computing machinery' and a 7.4% contraction in 'Motor vehicles, trailers and semi-trailers'.

Mining output grew for the seventh month in a row by 2.7% in May compared with 2.6% in April. Output of consumer durables, a measure of consumer demand, grew for the first time in 18 months, rising 3.2% in May compared with a 7.8% decline in the previous month. Capital goods output, a proxy for investment, rose for the second month in a row by 4.5% on the year, following four months of contraction.

### Inflation eases in June

Consumer prices, which the Reserve Bank of India now targets, rose by the slowest pace since the creation of the CPI index in January 2011 by 7.31% in June compared with 8.28% in May. Food price inflation, which makes up almost half of the basket, fell to 7.9% from 9.2% in the previous month. There are, though, concerns that a deficient monsoon could push food inflation higher. Core CPI inflation, which excludes food and energy, eased slightly to 7.73% from 7.74% in the previous month.

## Inflation



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

Wholesale price inflation, which the RBI used to focus on, eased to the lowest in four months, to 5.4% in June from 6% in May. The prospect of weak monsoon rains, a rise in minimum support prices (floor price offered by the government to farmers) and turmoil in Iraq has increased the risk of rising food and fuel prices. The government plans to bring down inflation by tackling supply constraints and creating cold storages and warehouses to prevent food spoilage.

### Repo rate unchanged at 8%

The RBI left the key policy rate unchanged at 8% at its monetary policy meeting on June 3, the first interest rate decision since the BJP formed a new government. Governor Raghuram Rajan said further policy tightening would not be warranted if the economy continues on a disinflationary path. At the same time, the RBI took steps to raise the availability of credit, reducing the mandatory amount of bonds lenders must keep with the central bank - called the statutory liquidity ratio - by 50 basis points to 22.5% of deposits from mid June.

Fighting inflation is expected to remain the central bank's priority and it is firmly focused on keeping the economy on a disinflationary glide path that is



intended to hit 8% inflation by January 2015 and 6% by January 2016.

#### Lower fiscal budget deficit

The government budget deficit stood at Rs. 5.08 trillion in 2013-14, or 4.5% of GDP, mainly on account of curbs on government expenditure. Net tax receipts totalled Rs. 10.15 trillion, below the target of Rs. 10.29 trillion, while total expenditure was Rs. 15.63 trillion, below the target of Rs. 15.9 trillion in the interim budget.

Finance Minister, Arun Jaitley announced that he plans to shrink the budget deficit to 4.1% of GDP this fiscal year and subsequently to 3.6% and 3% of GDP in the following two years. However, he did not detail exactly how the government planned to do this. The government expects Rs. 9.77 trillion from taxes and expenditure of Rs. 17.92 trillion in the current fiscal year. The cap on foreign investment was raised to 49% in the defence and insurance sectors and more public private partnerships are to be encouraged for road building. The budget was disappointing in the sense that the government did not decide to cut food and fuel subsidies which cost the government \$40 billion a year.

#### Trade deficit widens to 11-month high in June

India's trade deficit widened to \$11.8 billion in June from \$11.2 billion in May, and was also 4.3% above the \$11.3 billion shortfall recorded in June a year earlier.

Exports increased by double digits for the second consecutive month by 10.2% on the year to \$26.5 billion, although slightly below Mays exports worth \$28 billion. Imports rose for the first time in 13 months, increasing by 8.3% on the year in June compared with a contraction of 11.4% in the previous month, but were 2.5% below the \$39.2 billion recorded in May. Oil imports rose almost 11% to \$13.3 billion in June. Gold imports inched up to \$3.1 billion from \$2.2 billion in May and were also 65% up on the year reflecting the easing of some gold import restrictions in May with premier trading houses being

added to the list of the entities allowed to import gold. To trim the current account deficit last year, the government increased import duties on gold and imposed a rule that required a fifth of all bullion imports to be re-exported. Those measures had crimped supply and led to a rise in smuggling. The Finance Minister left the import tax on gold unchanged at 10% in the annual budget against market expectation that the tax may be cut to boost supply ahead of the festival season.

#### Foreign reserves increase

India's foreign exchange reserves rose by \$813.2 million to \$317.85 billion in the week to July 18. According to the RBI's weekly statistical supplement, foreign currency assets, the biggest component of the forex reserves, rose by \$829.1 million to \$291.05 billion.

India's foreign exchange reserves have risen substantially since September, leaving the country less vulnerable to another run on the currency. The value of India's gold reserves remained unchanged at \$20.6 billion in the week ending July 18, following a decline of \$155.5 million in the week ending July 4.

#### Car sales rise in June

Car sales rose to the highest in 10 months, by 14.8% in June, following growth of 3.1% in May. Sales in the three months to June gained 2.3% to 444,242 cars, over the same period a year earlier. Heavy discounting by car manufacturers has aided volume growth as companies have gone the extra mile to attract price sensitive buyers.

The government has given positive impetus to consumer sentiment by extending tax breaks on automobiles by six months to the end of December. The excise tax has been reduced on small cars, motorcycles, trucks and buses from 12% to 8% and on SUVs to 24% from 30%. The industry is cautious about the demand for two-wheelers and small cars, as the predicted below average monsoons could result in lower incomes for many of the rural households who rely on these rains.



# Indicators

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Consumer sentiment slipped slightly in July from a Modi inspired rise in June, but it still remains at a relatively high level.

# MNI India Consumer Indicator Eases in July



Consumer sentiment slipped slightly in July from a Modi inspired rise in June, but it still remains at a relatively high level.

The MNI India Consumer Indicator fell by 2.1 points to 124.1 in July from 126.2 in June as consumers were less optimistic about both current conditions as well as future expectations.

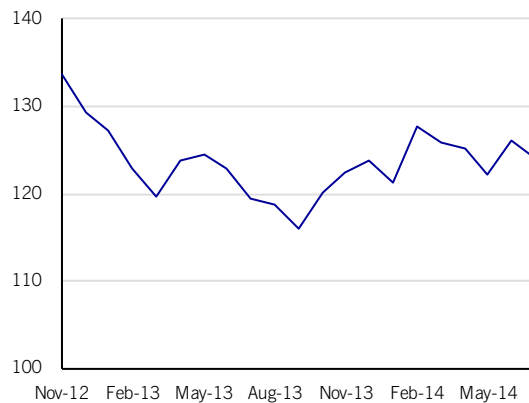
The government’s maiden budget took place on July 10, which was towards the end of our survey period and hence the full impact of it won’t be seen until our August report. The budget focused on encouraging investment, personal savings and fiscal management. Even though the government tried to appease everyone in its maiden budget, it lacked in detail on several important fronts such as measures to control inflation and fiscal deficit.

Consumer sentiment hit a record low in September last year when India was hit by the turmoil in emerging markets. Since then, sentiment has improved and in July, it was above the series average of 123.7 and also the 12-month average of 122.8.

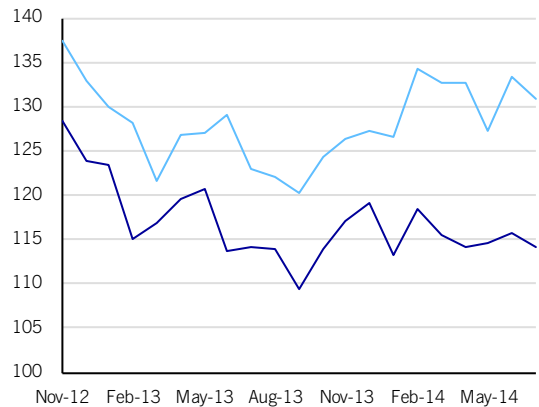
The Current Indicator, which measures consumers’ assessment of the current conditions, eased to 114.2 in July from 115.7 in June, the lowest since April. The forward looking Expectations Indicator, which is made up of the three components, fell to 130.8 in July from 133.2 in the previous month.

All five components which make up the Consumer Indicator fell apart from the Durable Buying Conditions

MNI India Consumer Indicator



Consumer Indicators



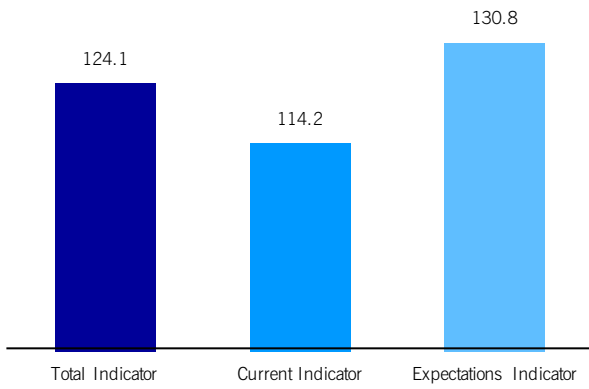
— Current  
— Expectations

MNI India Consumer Indicator

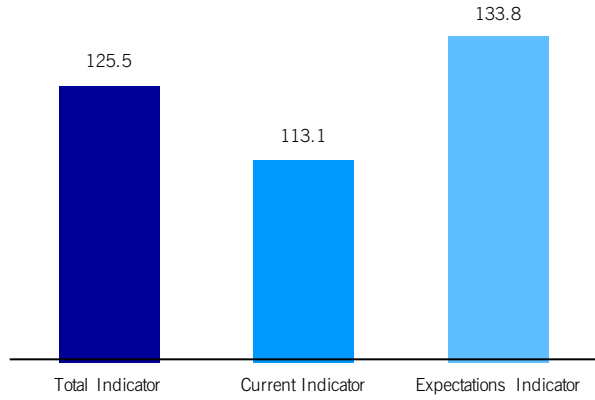
	Jul-13	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14
MNI India Consumer Indicator	119.5	127.8	125.8	125.2	122.1	126.2	124.1
Current	114.1	118.4	115.5	114.1	114.6	115.7	114.2
Expectations	123.0	134.2	132.8	132.6	127.2	133.2	130.8



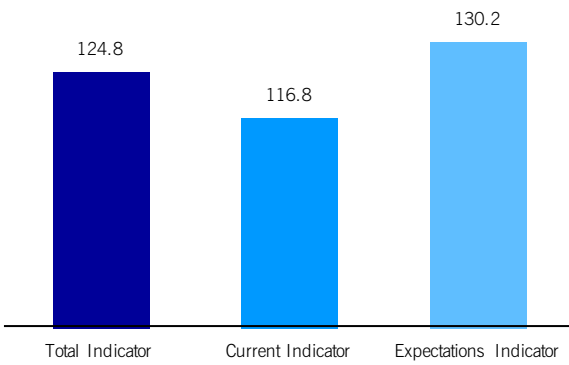
All India



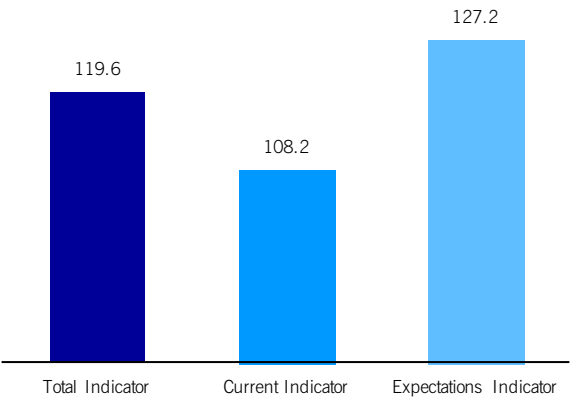
North India



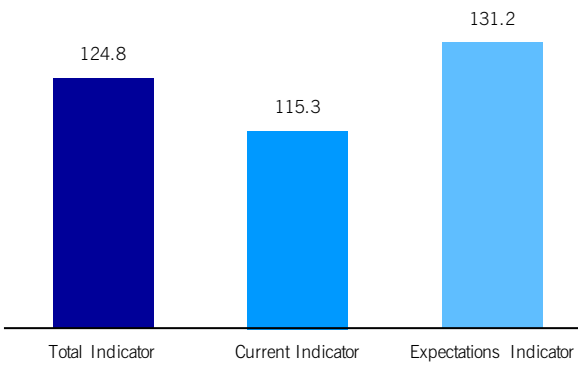
South India



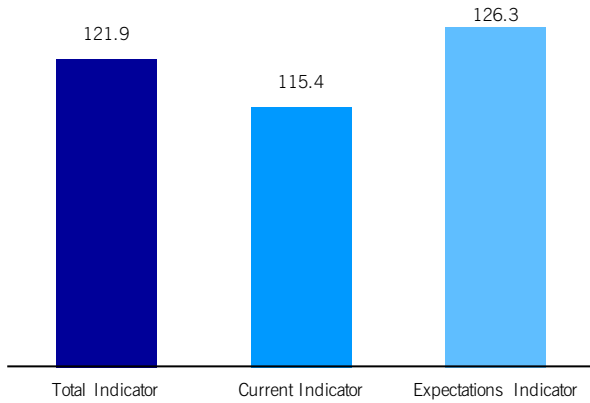
East India



West India



Central India





Indicator which rose. Current Personal Finances led the decline in consumer sentiment, followed by Expected Personal Finances and Business Conditions in Five Years.

**Regions**

The decline in the MNI India Consumer Indicator was observed in all regions apart from East India, where sentiment rose to the highest since April. Of all the regions, respondents from North India were most cheerful with sentiment above the national average for the second consecutive month since the start of the survey in November 2012.

Respondents from East India were more optimistic in July. With confidence driven up by significantly higher expectations about future Business Conditions.

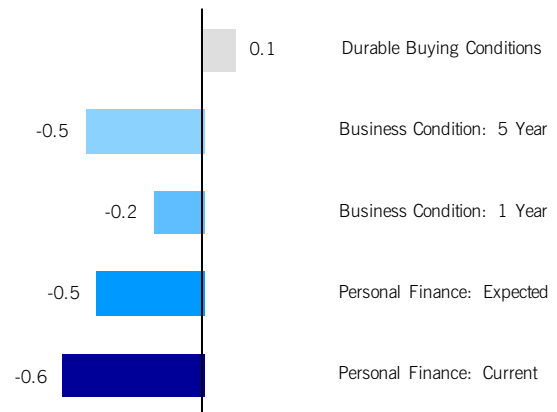
**Age**

Consumer sentiment deteriorated in all age groups, apart from the oldest where it remained stable.

Consumer confidence of the youngest group, who were the key support for the BJP in the general election, eased after hitting a record high in June. The Consumer Indicator for the 18-34 year age range declined 3.2% on the month to 125.7 from 129.9 in June. All five components of the Consumer Indicator fell, led by a fall in consumers' expectations about Personal Finances in the next 12 months. They were also less optimistic about future business conditions. The Current Conditions Indicator, which is made up of Current Personal Finances and the Durable Buying Conditions Indicator, also fell.

Consumer sentiment among 35-54 year olds declined slightly to 123.5 in July from 124.8 in June. Much of the drop was due to Current Personal Finances which fell to the lowest in 11 months. In contrast, it was the

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





only age group that was more optimistic about Business Conditions and were also more inclined to purchase consumer durables in the next 12 months. For the oldest age range, 55-64 year olds, sentiment remained unchanged at 122.9. Consumers perceived their current conditions to be better while they were less hopeful about future conditions. Consumers' optimism for purchasing household goods rose to the highest since March and Current Personal Finances also increased to the highest level in 2014.

#### Income

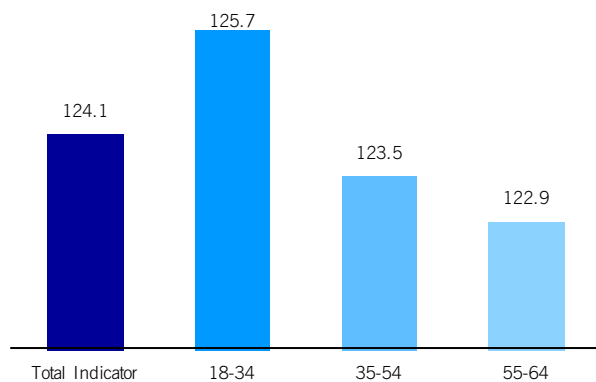
Confidence deteriorated in both low and high income households, more so among the latter.

The Consumer Indicator for households with an average annual income of over INR 432,000 declined 6.6% on the month to 128.5 after hitting a record high of 137.6 in June. Respondents were less optimistic about the future than current conditions. There was a sharp fall in expectations decrease Business Conditions in One Year and a smaller one in longer term business expectations.

For households with an average annual income under INR 432,000, the indicator declined for the third consecutive month to 119.7 in July from 120.9 in June, the lowest since September 2013.

Compared with the previous year, confidence was down by 2.3% among higher income households, while for lower income households it was close to the level seen a year ago. On average, though, the level of confidence remains greater among higher income households.

Consumer Indicator: Age Groups

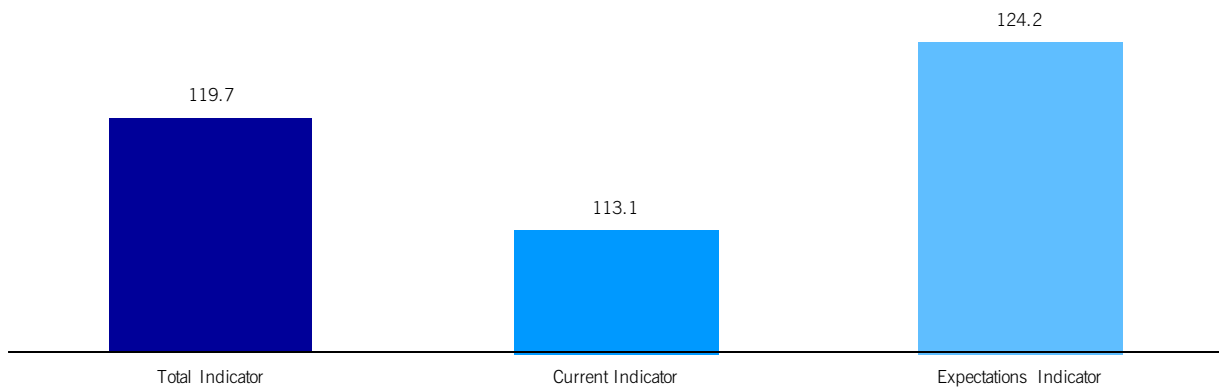




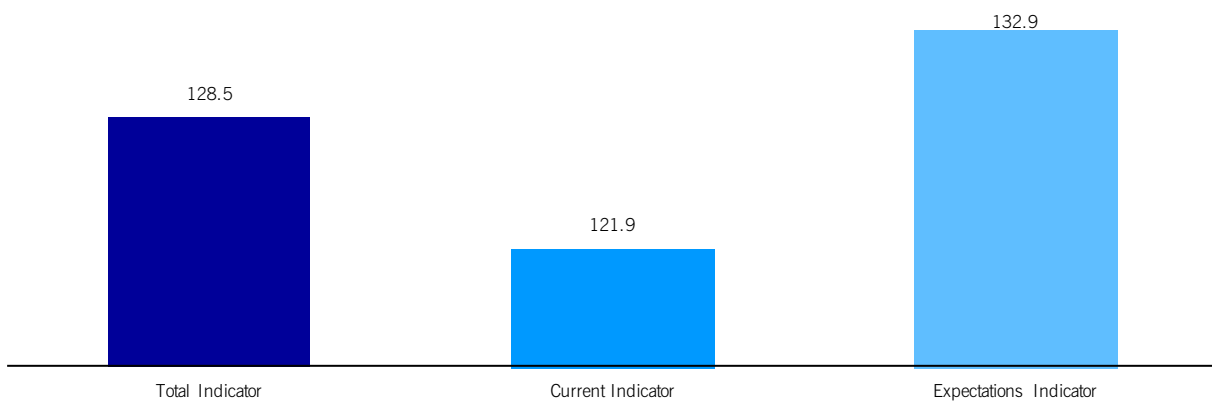
# MNI India Consumer Indicator Income Groups



< INR 432,000 per annum



> INR 432,000 per annum



## MNI India Consumer Indicator Main Cities



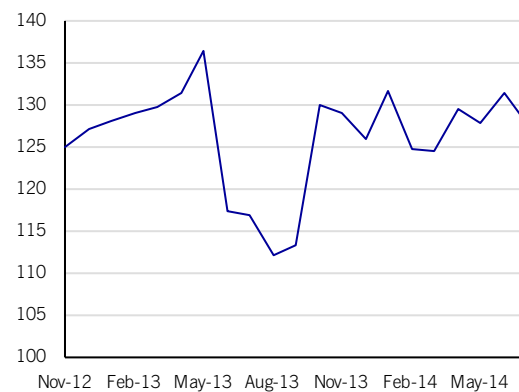
The Consumer Indicator declined in six out of the ten major Indian cities in July. Among them, Kolkata was the least optimistic city with lower optimism in all five components that make up the MNI India Consumer Indicator.

In the capital Delhi, consumer sentiment decreased for the first time in three months to 127.9 from 134.1 in June. All five components that make up the Consumer Indicator declined, apart from Durable Buying Conditions which rose marginally. The largest downward correction was in respondents' long-term business expectations, the indicator for which which declined by 15.3 points on the month. Respondents were less optimistic about short-term business conditions as well. In spite of the weakening in Personal Finances, more consumers perceived it would be a good time to buy a durable good in the coming 12 months.

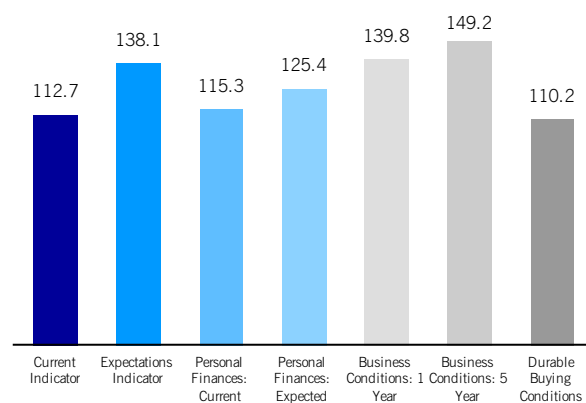
In Mumbai, India's most populous city, consumer sentiment declined to the lowest in four months to 128.0 in July from 131.6 in June. Consumers were less optimistic about their Personal Finances, both current and expected. In spite of this, more consumers thought it would be a good time to purchase household goods, probably in anticipation of higher discounts by retailers in the upcoming festival season. Respondents were most bullish about Business Conditions in Five Years which remained broadly stable compared with the previous month while short-term business expectations eased slightly.

Consumer confidence in Bengaluru, the third largest city by population in India, decreased to 132.5 in July from 136.2 in June. There was a sharp reduction in those who were willing to purchase large household items, pushing the Durable Buying Conditions Indicator to the lowest since April. Consumers were less positive about their Personal Finances while their expectations for short-term business conditions eased to the lowest in two months.

### Consumer Indicator - Mumbai



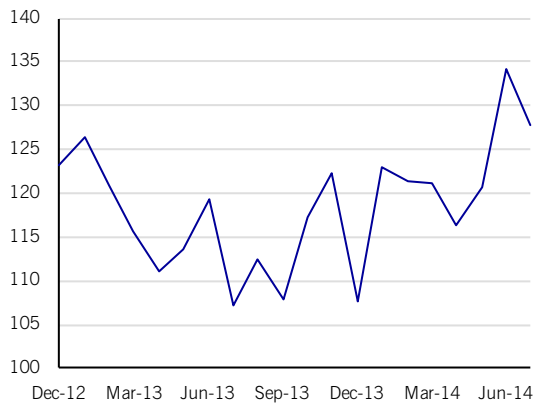
### Consumer Indicator Components - Mumbai



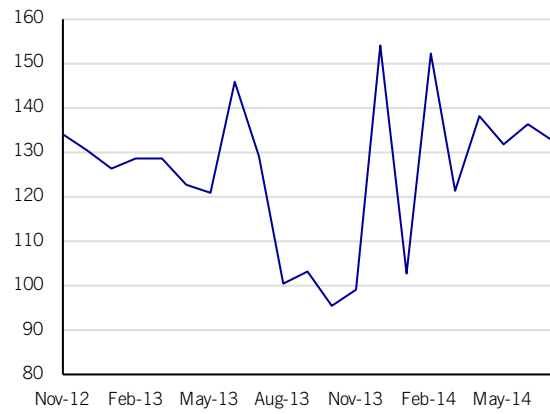
Consumer sentiment was strongest in Pune compared with other regions, although it eased slightly after rising to a 17-month high in June. Consumers were less bullish about their current conditions and future expectations, both declining almost equally. A decline in their Personal Finances was the main reason for the decline in consumer sentiment. Consumers were also less optimistic about business conditions, both short and long term.



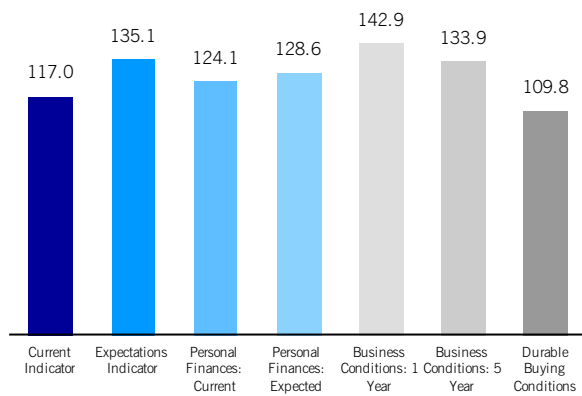
Consumer Indicator - Delhi



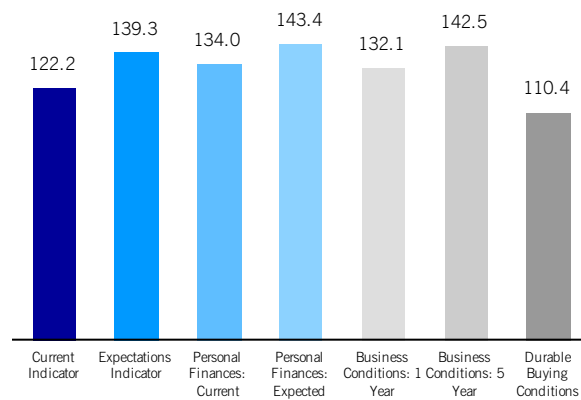
Consumer Indicator - Bengaluru



Consumer Indicator Components - Delhi



Consumer Indicator Components - Bengaluru





# Personal Finances Less Optimistic



Respondents were less confident about their finances in the current month and also about their finances in the next 12 months in spite of tax saving measures offered by the government in its budget which would improve household incomes.

The Current Personal Finances indicator, which measures whether a household is better or worse off than a year ago, decreased to 119.1 in July from 122.9 in June, the lowest since October 2013. Out of those who reported that their financial conditions deteriorated, the majority cited worse family expenses as the main reason.

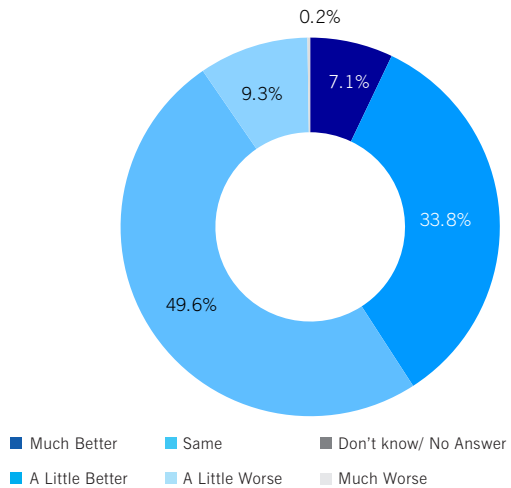
Consumers have been hit by high inflation for two years now and this has impacted their personal savings and their ability to purchase goods. The easing in consumer price inflation over the past two months, has provided relief for consumers. In July, around 77.5% of consumers spent 70-100% of their monthly household income on daily expenses, the lowest proportion in three months while almost 40% of respondents said they were saving between 1-29% of their monthly household income in July.

About half of respondents were confident that their financial situation would improve in the next 12 months. In 2014, consumers' expectations have eased since February and in July they stood at 125.2 compared with 128.1 in June.

## Personal Finances



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



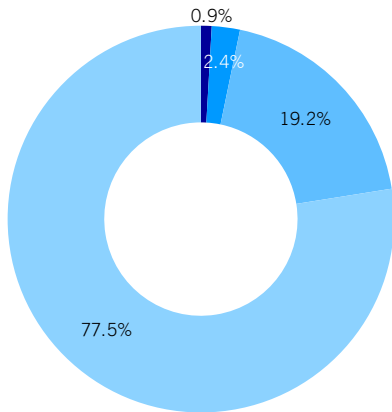
## Personal Finances

	Jul-13	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14
Current	114.2	125.3	119.4	121.8	120.6	122.9	119.1
Expectations	121.9	137.4	133.1	130.2	122.5	128.1	125.2

# How Households Spend their Money

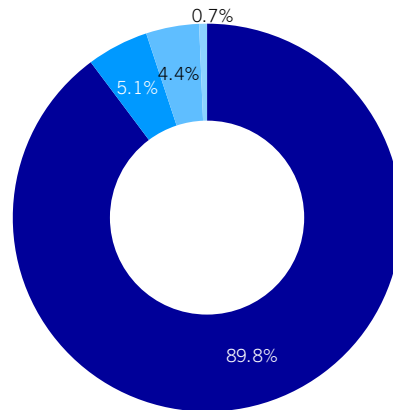


Monthly Household Income Used for Daily Expenses (% of Households)



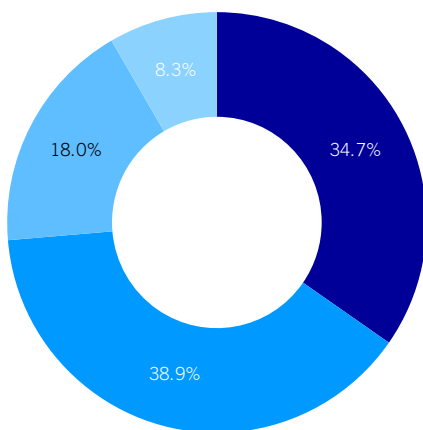
- 0% - 29% of Income
- 30% - 49% of Income
- 50% - 69% of Income
- 70% - 100% of Income

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



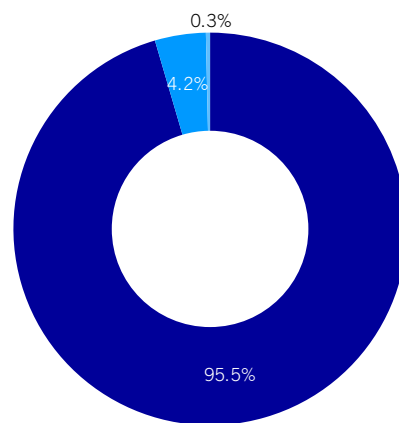
- 0% of Income
- 1% - 29% of Income
- 30% - 49% of Income
- 50% - 100% of Income

Monthly Household Income Used for Savings (% of Households)



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

Monthly Household Income Used for Investments (% of Households)



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

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

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...although there was a significant rise in the  
proportion of those who weren't sure.

# Business Conditions Lowest Since May



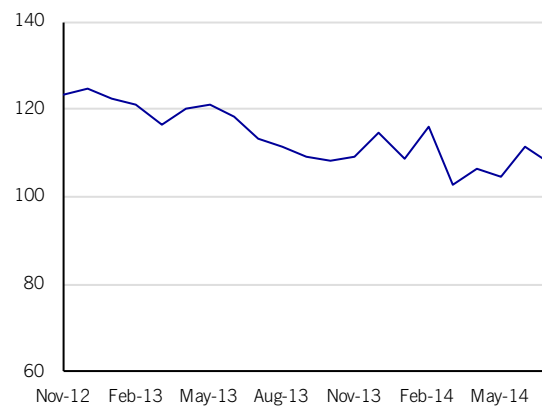
Over the past few months, consumers have been increasingly confident about the current business climate and felt that long term business conditions would also improve as the pro-business BJP formed a government. In July, perceptions eased slightly as respondents reassessed just how quickly the Modi government will be able to turn the economy around. However, there was still a strong belief that the Modi government will eventually be able to improve business conditions.

The Current Business Conditions Indicator, which measures respondents' views on the state of business compared with a year earlier, eased to 107.7 in July from 111.4 in June.

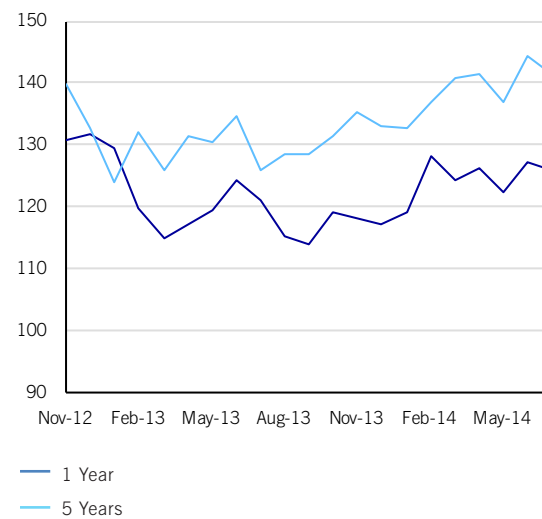
Around half of respondents thought Business Conditions in a Year's time would be better, although there was a significant rise in the proportion of those who weren't sure and did not answer. The Business Conditions in One Year component fell to 125.9 in July from 127.2 in June. Of those who expected business conditions to be better in a year, almost 50% cited economic development as the main reason.

Longer term business expectations eased even more after hitting a record high in June. Business Conditions in Five Years declined 2.2% on the month in July to 141.3 from 144.5 in June, although were still 12.1% above the level a year ago.

Current Business Conditions Indicator



Expected Business Conditions: 1 Year and 5 Years



## Business Conditions

	Jul-13	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14
Current	113.1	116.0	102.9	106.3	104.7	111.4	107.7
In 1 Year	121.2	128.2	124.5	126.3	122.3	127.2	125.9
In 5 Years	126.0	136.9	140.8	141.3	136.8	144.5	141.3

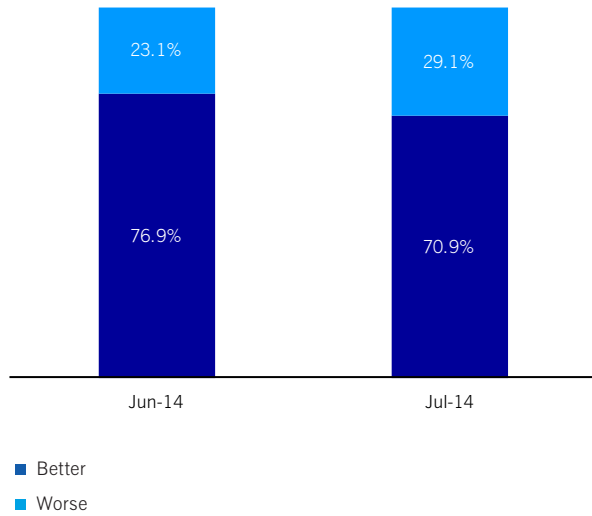


# Business Conditions in 1 Year Selected Reasons

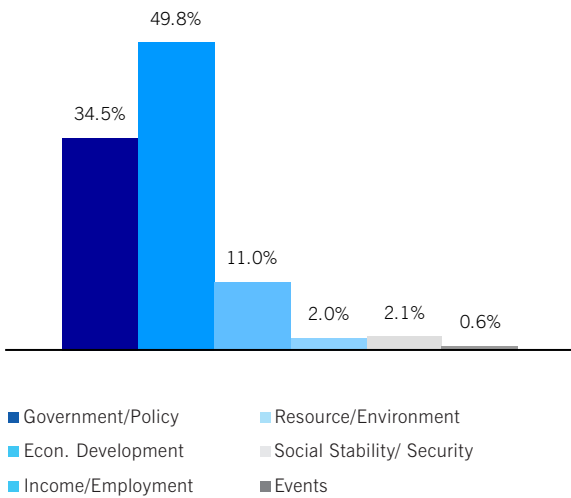


Among the major cities surveyed, Ahmadabad, which is the largest city of Gujarat and an important economic and industrial centre, was the most optimistic. In Surat, the second largest city of Gujarat and an important world diamond hub, long-term expectations jumped on the month.

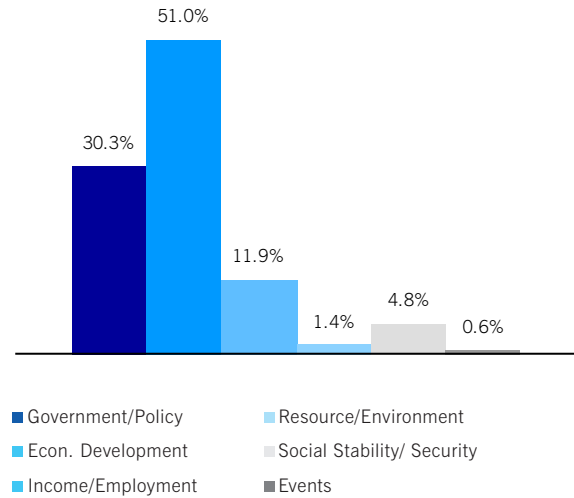
All India



All India, Reasons for Better



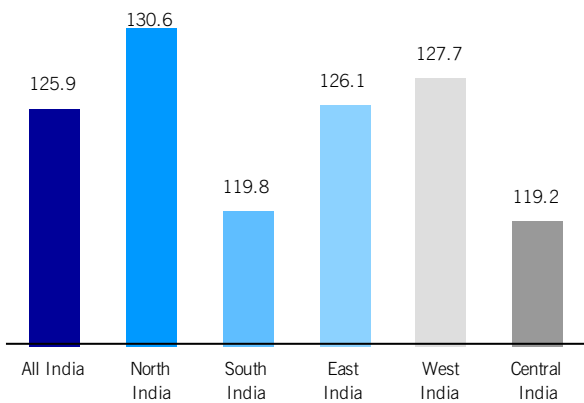
All India, Reasons for Worse



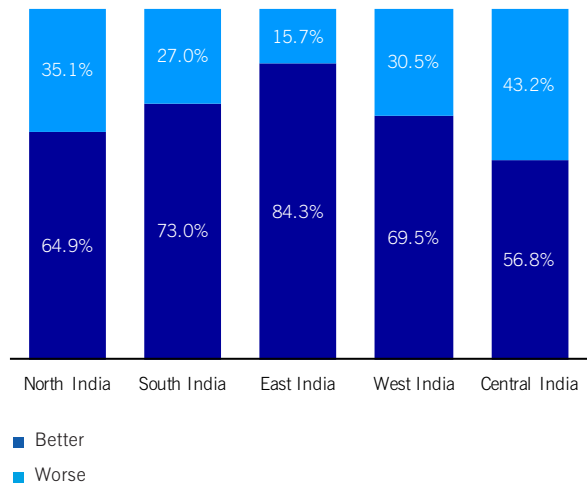
# Business Conditions in 1 Year Regions



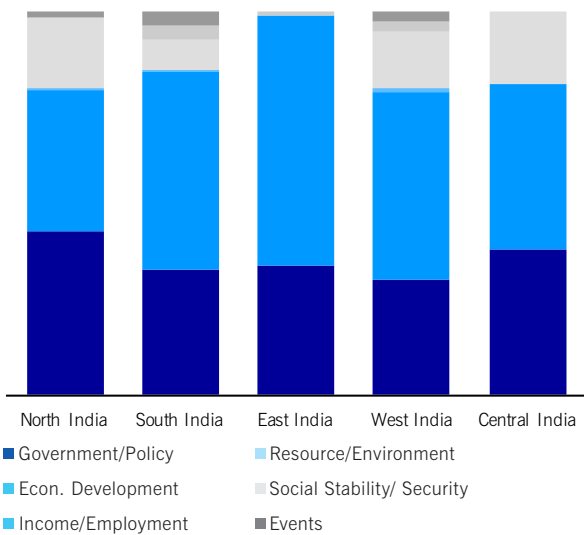
Business Expectations



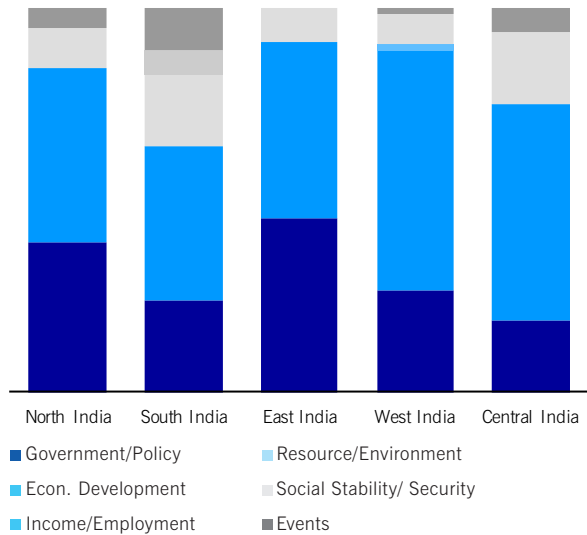
Business Expectations: Better or Worse?  
(% of Respondents)



Reasons for Better (% of Respondents)



Reasons for Worse (% of Respondents)



# Durable Buying Conditions Highest Since March



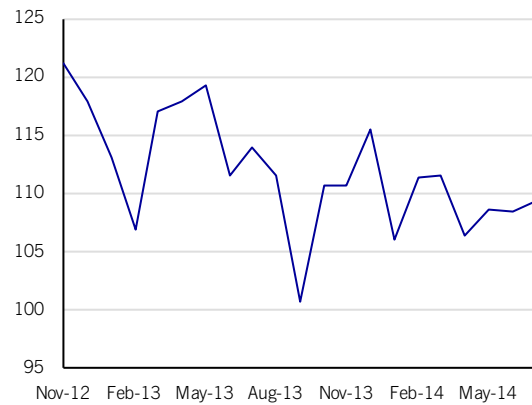
The Durable Buying Conditions Indicator rose slightly to 109.3 in July from 108.5 in June, making it the only component of the MNI India Consumer Indicator to rise on the month. Demand has likely been boosted by the government’s decision to extend duty relief on mobile phones and other consumer durables up to December.

Respondents are asked whether they believe it is a good or bad time to purchase a large consumer durable, and a result above 100 means that a higher percentage of respondents view it as a good time.

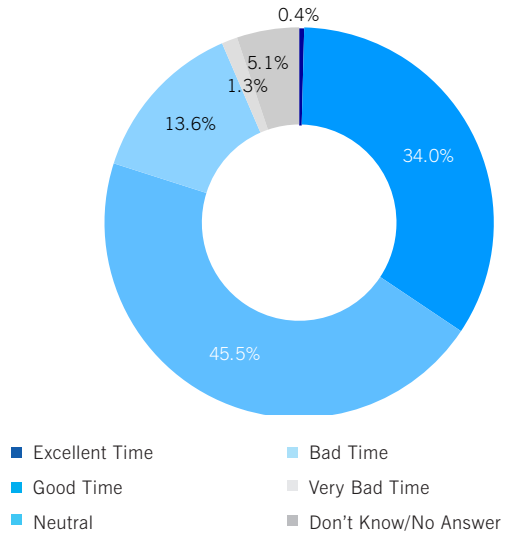
Sentiment on buying conditions fell throughout most of last year, as consumers’ disposable income was squeezed, owing to the weakening of the economy and the high rate of inflation. The ground lost in 2013 has still not been regained, with the result in July down 4.1% from the same period a year earlier.

Compared with the previous month, more consumers from Surat, Visakhapatnam, Mumbai, Ahmadabad and Delhi thought it was a better time to buy a large household item. Out of the ten largest cities surveyed, respondents from Surat were the most optimistic about buying a large household item in July.

Durable Buying Conditions



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



Durable Buying Conditions

	Jul-13	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14
Durable Buying Conditions	114.0	111.4	111.6	106.4	108.6	108.5	109.3

# Employment Outlook Indicator Eases Slightly

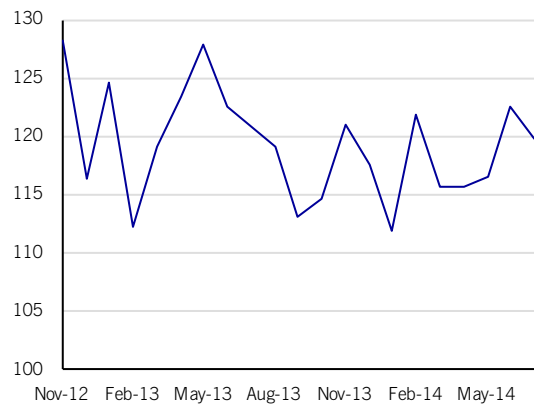


The Employment Outlook Indicator eased slightly to 119.9 in July from 122.5 in June as an increasing number of respondents thought that the employment market would deteriorate over the next 12 months. In spite of the fall, it was slightly above the series average of 119.3 and 12-month average of 117.5.

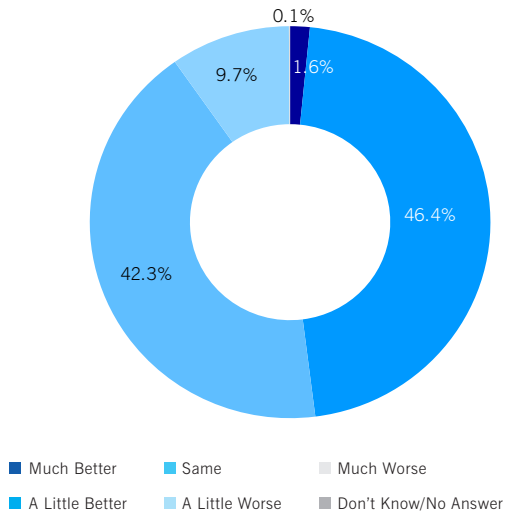
In addition, the proportion of respondents who thought that the outlook for employment over the next 12 months would be better increased to the highest level in five months in July as consumers expected higher economic growth to generate more jobs.

Apart from East India, respondents from all other regions expected the employment situation to ease slightly in the next 12 months. Respondents from South India were the most optimistic, where more than 70% thought conditions would be better. A growing proportion of respondents thought that employment conditions would be better in East India, pushing the indicator to the highest since August 2013.

Employment Outlook Indicator



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



## Employment Outlook

	Jul-13	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14
Employment Outlook	120.9	121.8	115.7	115.7	116.5	122.5	119.9

# Consumers' dissatisfaction with the level of prices eased for the second consecutive month...

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...while expectations for inflation rose again after easing to the lowest for a year and a half in June.



# Prices Sentiment Satisfaction Increases



Consumers' dissatisfaction with the current level of prices eased for the second consecutive month, while expectations for inflation rose again after easing to the lowest for a year and a half in June.

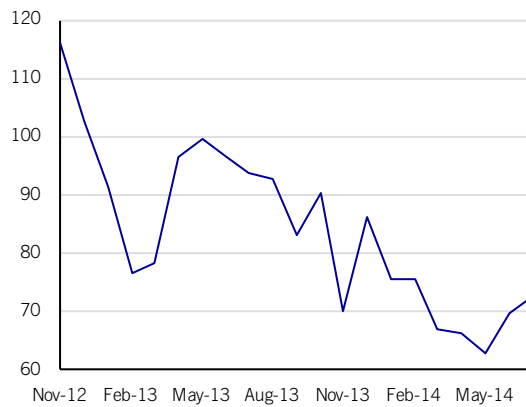
The Current Prices Satisfaction Indicator rose to 72.5 in July from 69.8 in June. It was well below the average of 76.0 for the past 12 months and the series average of 84.0.

A figure below 100 indicates wider dissatisfaction with the current level of prices. The further below 100, the greater the dissatisfaction. The indicator has trended down since the start of the survey in November 2012 and has been above 100 in only the first two months of the survey. Even though satisfaction has ticked up for two months, it was still almost 23% below the level recorded a year earlier.

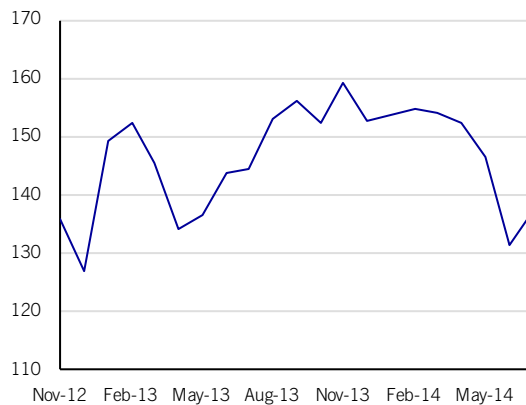
Official data showed that consumer prices rose by the slowest pace since the creation of the CPI index in January 2011, rising by 7.31% in June compared with 8.28% in May. Food price inflation, which makes up almost half of the basket, eased to 7.9% from 9.2% in the previous month. There are concerns that a poor monsoon could push food inflation higher in the coming months.

Expectations for inflation in 12 months time rose to 137.0 in July from 131.5 in June, the highest since May. The Inflation Expectations Indicator closely matches the trend in consumer price inflation and this month's pick-up suggests that inflation expectations are still high with deficient monsoons posing a major threat.

Satisfaction with Current Prices Indicator



Inflation Expectations Indicator



## Prices Sentiment

	Jul-13	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14
Satisfaction with Current Prices	93.9	75.4	67.2	66.3	63.0	69.8	72.5
Inflation Expectations	144.4	154.8	154.2	152.2	146.4	131.5	137.0

# Prices Sentiment Regions



The percentage of respondents who believed prices would be higher in a year's time increased to 64.1% from 54.4%, while those saying prices would be about the same fell to 23.4% from 33% in the previous month. A small proportion of respondents who believed prices would be lower in a year's time remained stable.

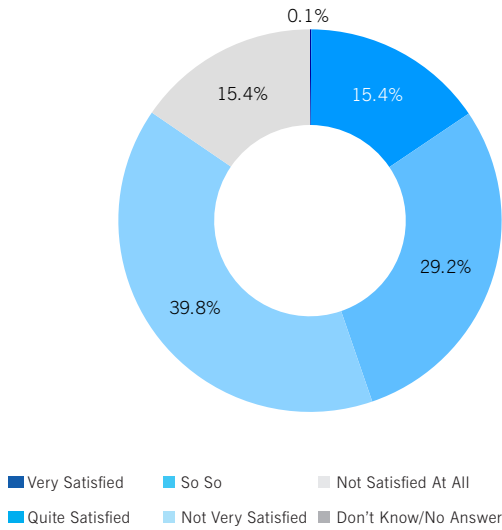
Of those who thought prices would go up, a growing proportion thought they would go up by less than 5%, in contrast to the 11-24% rise expected a month ago.

### Regions

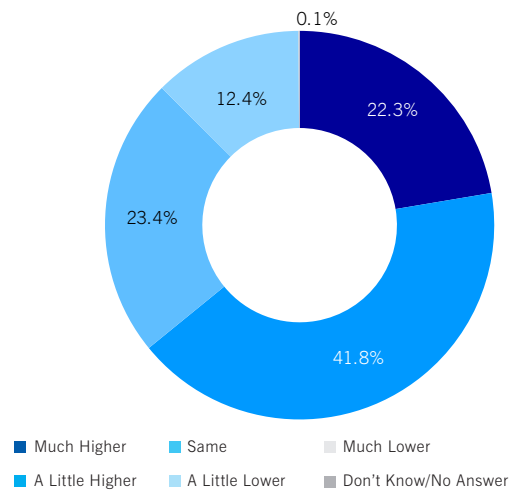
Satisfaction with Current Prices rose in all regions apart from North and Central India. The largest improvement in the satisfaction level was in East India, where the sentiment value rose by double digits to the highest in just over a year. In contrast, consumers became highly dissatisfied with the current level of prices in North India, pushing the indicator to a record low.

Expectations for future prices rose in all regions in July after easing in the previous month. The largest rise was in Central India, offsetting much of the previous month's decline. Consumers from East India continued to have the lowest inflationary expectations compared with other regions.

Satisfaction with Current Prices  
(% of Households)

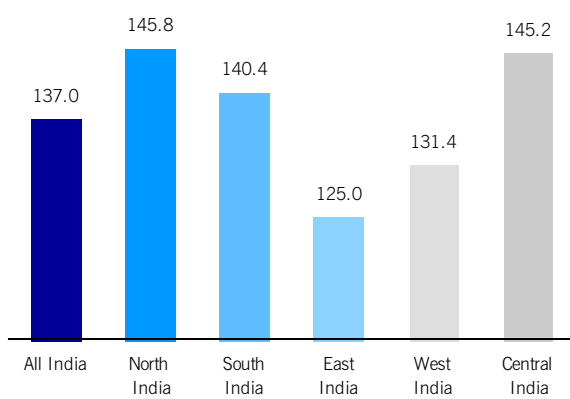


Inflation Expectations in 12 Months  
(% of Households)

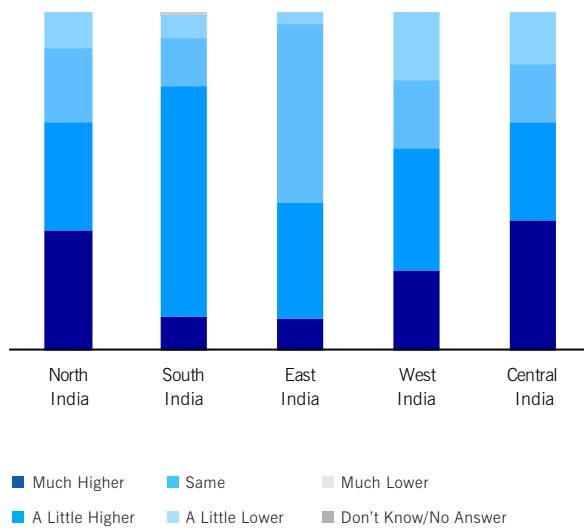




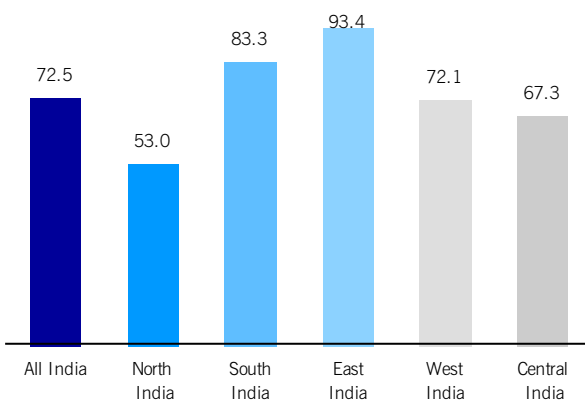
Inflation Expectations Indicator



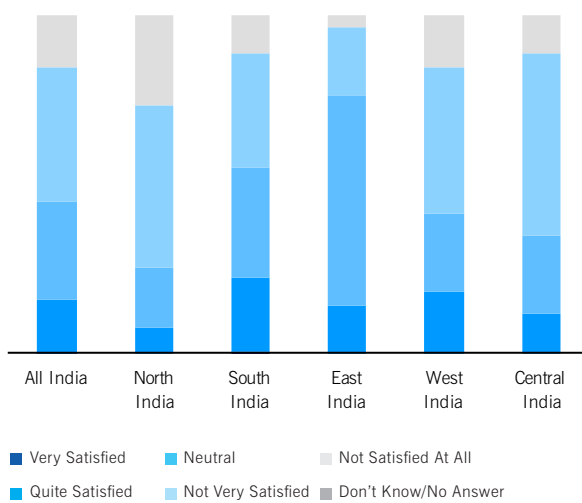
Inflation Expectations in 12 Months (% of Households)



Satisfaction with Current Prices Indicator



Satisfaction with Current Prices (% of Households)



# Interest Rate Expectations Lowest Since May



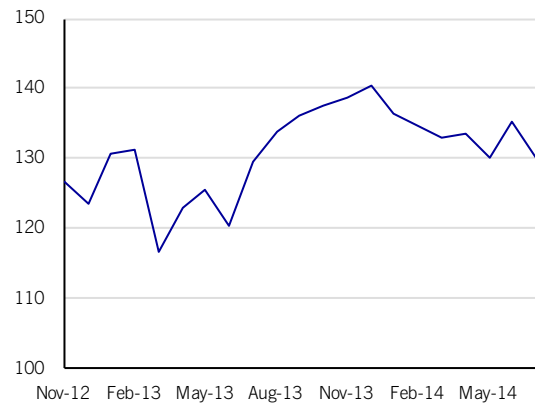
The Interest Rates Expectations Indicator declined 5.1 points on the month to 130.2 in July from 135.3 in June as the proportion of those who expected lower interest rates rose.

The government and the central bank remain committed to controlling inflation along with kick starting the economy. The RBI left the key policy rate unchanged at 8% at its monetary policy in June, the first interest rate decision since the BJP formed a new government. Governor Raghuram Rajan said further policy tightening would not be warranted if the economy continues on a disinflationary path. At the same time, the RBI took steps to raise the availability of credit, reducing the mandatory amount of bonds lenders must keep with the central bank - called the statutory liquidity ratio - by 50 basis points to 22.5% of deposits.

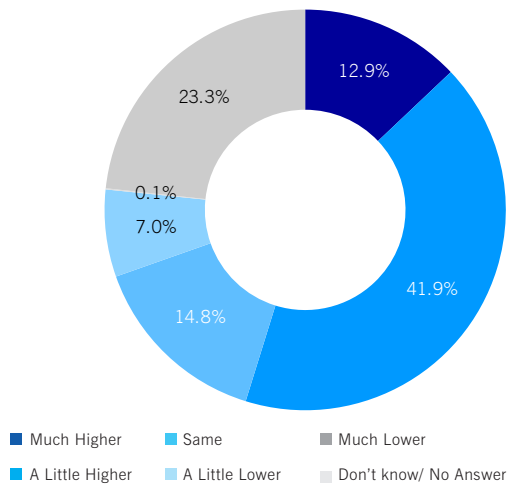
The indicator for July was below the average of 135.0 for the past 12 months and slightly below the series average of 130.8.

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

Interest Rate Expectations Indicator



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



## Interest Rate Expectations

	Jul-13	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14
Interest Rate Expectations	129.6	134.6	133.0	133.6	130.1	135.3	130.2

# There was a significant increase in those who made a good profit on the stock market...

---

... but also those who made a slight loss. More than 50% of the respondents made profits on the month, although the proportion has been declining.



## Stock Investment Indicator Lowest Since April



After two significant rises in the run up to elections, the Stock Investment Indicator declined for the second straight month to 112.9 in July compared with 118.4 in June due to consumers' strong views that equity prices were already very high.

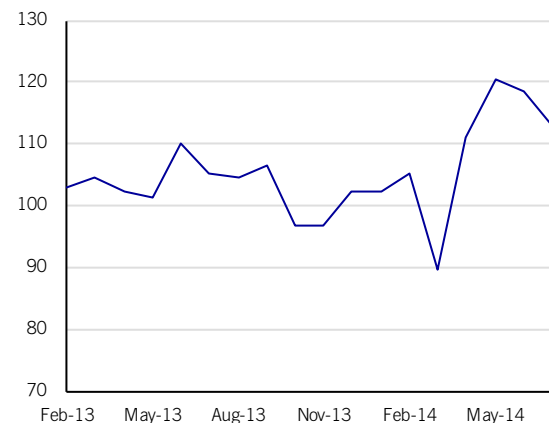
The indicator gauges whether it is a good or bad time to invest in the stock market and is made up of three components.

Expectations about a recovery in the domestic economy boosted the benchmark Sensex to another all-time high of above 26,000 in July. Stock Price Sentiment, which measures whether equity prices are high or low, rose to 125.6 in July from 117.8 in June. While above the 100 level, indicating the proportion of respondents who think prices were high outweighed those who thought prices were low, the rise on the month hit the Stock Price Indicator negatively.

The Stock Market Expectations component, which shows whether consumers think stock prices will rise or fall in the next three months, declined to 133.2 in July from 140.1 in June, posting the lowest reading in four months as expectations fell after hitting a series high last month.

The Stock Investment Return, a measure of the amount of profit/loss in investments in the last year, fell to 131.1 in July from 132.8 in June. In July, there was a significant increase in those who made a good profit but also those who made a slight loss. More than 50% of the respondents made profits, although the proportion has been declining.

### Stock Investment Indicator



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



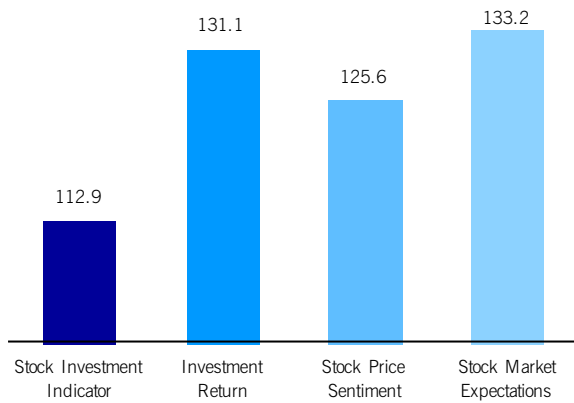
### Investment Sentiment

	Jul-13	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14
Investment Sentiment Indicator	105.1	105.1	89.7	110.9	120.6	118.4	112.9
Investment Return	112.7	104.5	82.7	114.6	139.1	132.8	131.1
Stock Price Sentiment	111.9	103.7	128.6	119.3	112.8	117.8	125.6
Stock Market Expectation	114.6	114.3	114.9	137.4	135.5	140.1	133.2

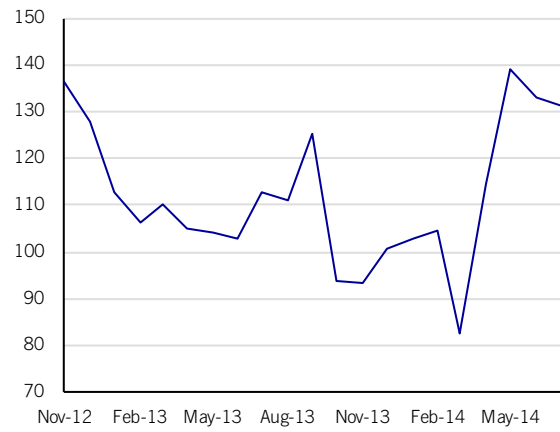
# Stock Investment Indicator Regions and Components



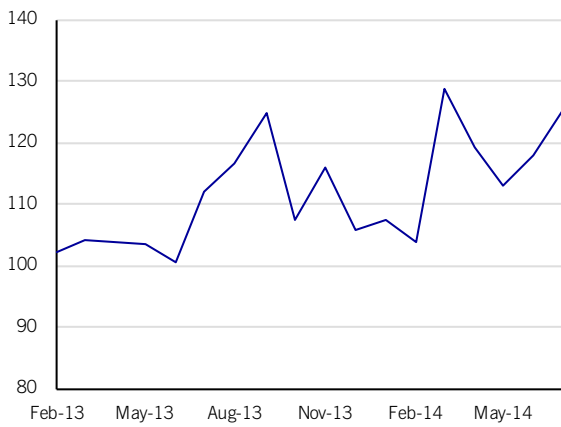
Stock Investment Indicator - Components



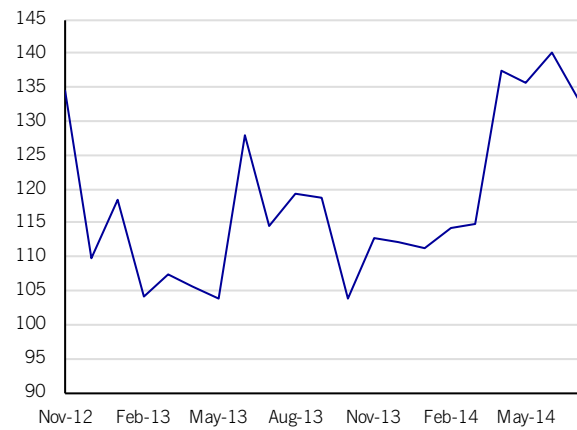
Investment Return



Stock Price Sentiment



Stock Market Expectations



# Consumers' sentiment about the real estate market fell for the fifth consecutive month.

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The July indicator was below both the average of 113.0 for the past 12 months and the series average of 114.2.

# Real Estate Investment Indicator

## House Selling Sentiment at Record High



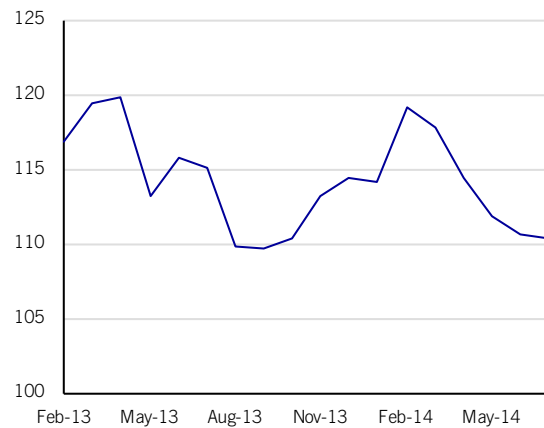
While consumer confidence has been reasonably stable in the recent months, sentiment on the real estate market fell for the fifth consecutive month.

The Real Estate Investment Indicator, which is made up of three components (House Price Expectations, House Buying Sentiment and House Selling Sentiment), declined to 110.3 in July from 110.6 in June, posting the lowest reading in 10 months. The July indicator was below both the average of 113.0 for the past 12 months and the series average of 114.2.

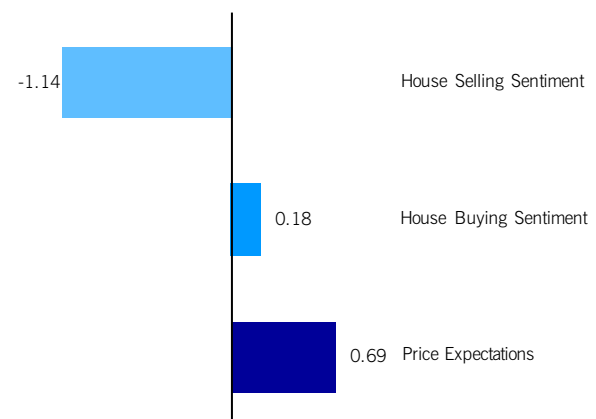
The House Price Expectations component, which measures the outlook for prices over the coming six months, rose for the second consecutive month, to 144.9 in July from 142.6 in June, the highest level in three months. Consumers' expectations about house prices peaked in February and have since trended downwards.

Consumers' sentiment about purchasing a house, which fell to a five month low in June, rose slightly close to the neutral 100 level in July. House Buying Sentiment, a measure of whether it is a good time in the next six months to buy a home, rose to 99.7 from 99.1 in the previous month, although it was still considerably below the level recorded a year ago. Consumers remained divided about what they felt about purchasing a house in the next six months as almost equal proportion of respondents felt it was a good time or a bad time.

Real Estate Investment Indicator



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



### Real Estate Investment Sentiment

	Jul-13	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14
Real Estate Investment Sentiment	115.1	119.1	117.8	114.4	111.9	110.6	110.3
Price Expectations	135.1	152.6	148.6	145.9	139.8	142.6	144.9
House Buying	114.7	107.7	102.8	102.1	103.2	99.1	99.7
House Selling	104.4	102.9	98.2	104.9	107.3	110.0	113.7

## Real Estate Investment Indicator Components and Balances



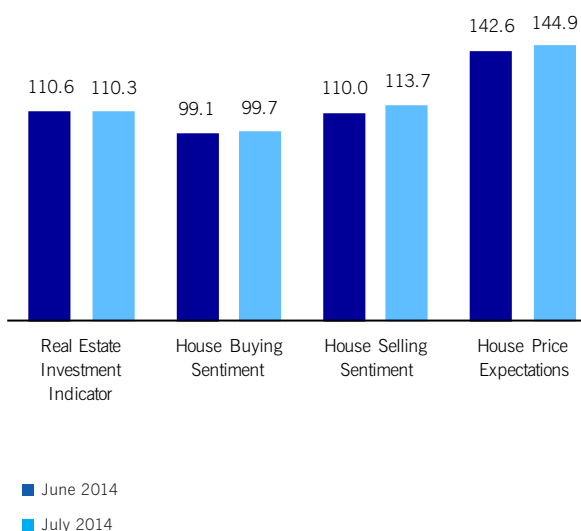
The government has promised an affordable housing policy, plus creation of new smart cities and infrastructure which will help boost the country's real estate sector and increase overseas investment.

House Selling Sentiment, a measure of whether it is a good time in the next six months to sell a house, rose for the fourth consecutive time to 113.7 in July from 110.0 in June, the highest reading since the start of the series in February 2013. The measure has a negative impact on the Real Estate Investment Indicator.

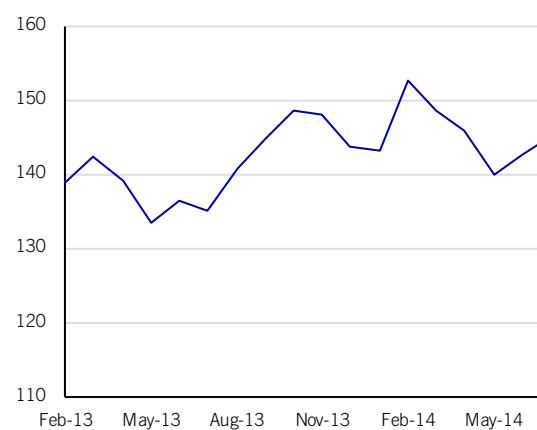
### Regions

The Real Estate Investment Indicator declined in all regions apart from West India. Even though more respondents from Southern India were optimistic about purchasing a house, a more substantial rise in House Selling Sentiment pulled overall sentiment down to a series low. In Central India, housing sentiment fell to the lowest since November 2013 as respondents were negative about purchasing a house in the next six months even though they expected prices to escalate.

Real Estate Investment Indicator - Components



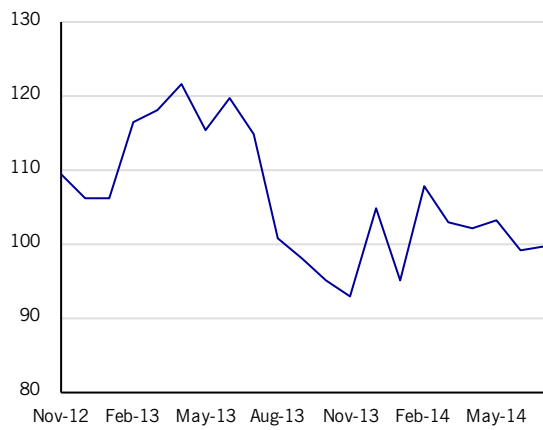
Real Estate Prices: Expected Changes in Next 6 Months



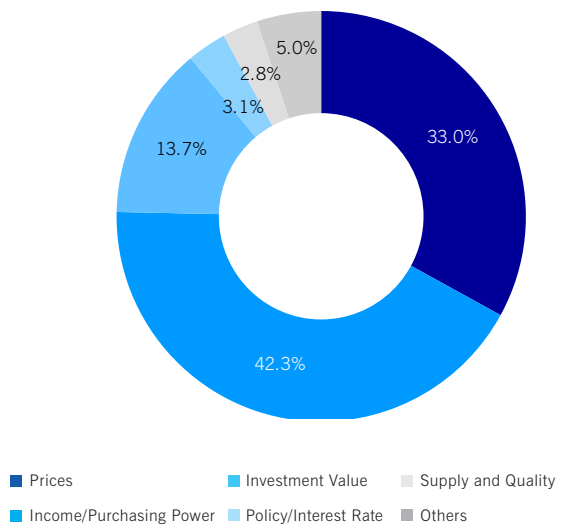




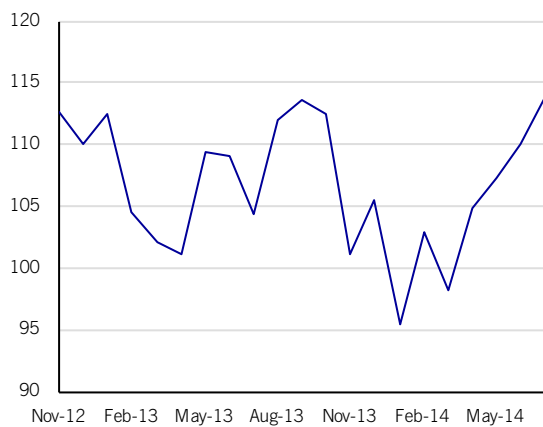
House Buying Sentiment



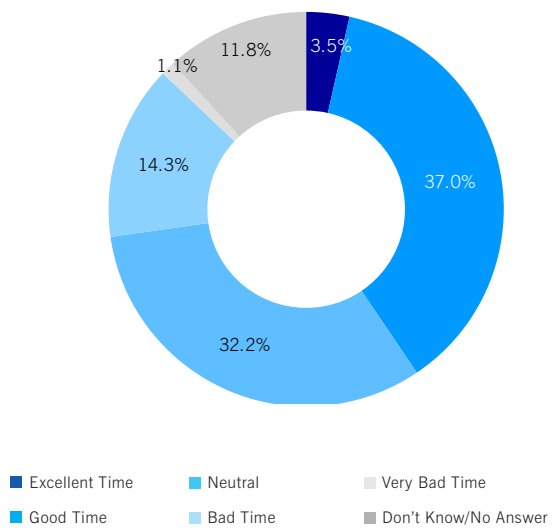
Reasons for Buying Houses (% of Households)



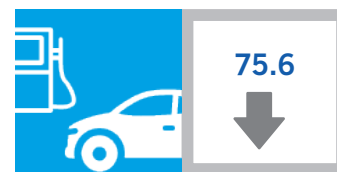
House Selling Sentiment



Timing for Selling Houses (% of Households)



## Car Purchase Indicator Car Buying Expectations Highest in Four Months



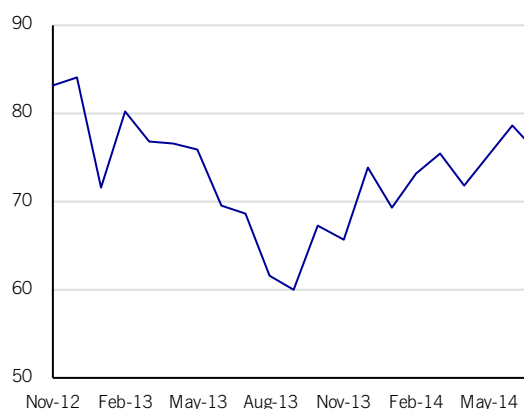
In July, optimism about buying a car eased slightly after rising to a 16-month high, in line with the general softening of overall confidence. The Car Purchase Indicator dropped to 75.6 in July from 78.6 in the previous month, mainly led by higher expectations for gasoline prices in the next 12 months.

The Car Purchase Indicator is made up of two components, Car Purchase Expectations and Price of Gasoline Expectations, the latter having a negative impact on the indicator. The Car Purchase Expectations component, which gauges whether consumers believe it is a good or bad time to purchase a car over the next 12 months, increased to a four month high after the announcement of an extension to tax cuts on automobiles in the budget. This helped push the Car Purchase Expectations up to 105.4 in July from 101.7 in June. Many consumers reported that several discounts were available on cars.

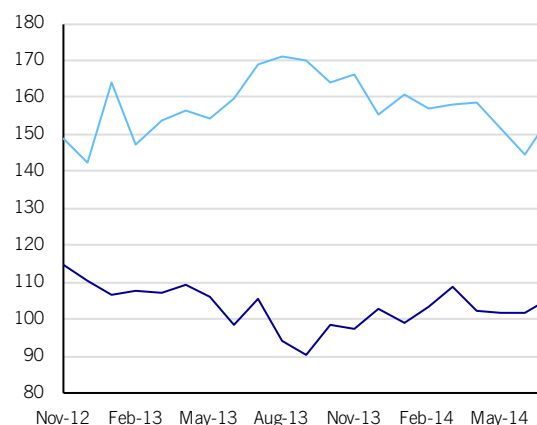
Since February when the tax cuts were first announced, our survey has shown that optimistic car purchasers have outnumbered pessimists. Of those consumers who felt it was a good time to purchase a car, there was a significant increase in the number of respondents who cited policies and interest rates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

The majority of consumers gave credit to higher income and purchasing power for their willingness to

Car Purchase Indicator



Car Purchase Indicator - Components



— Car Purchase Expectations  
— Price of Gasoline

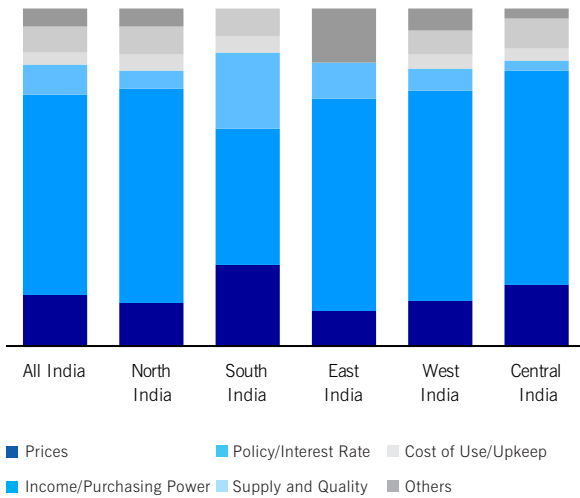
### Car Purchase Sentiment

	Jul-13	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14
Car Purchase Sentiment	68.5	73.0	75.3	71.7	75.2	78.6	75.6
Car Purchase Expectations	105.7	103.2	108.9	102.3	101.8	101.7	105.4
Price of Gasoline	168.7	157.2	158.3	158.8	151.4	144.6	154.2

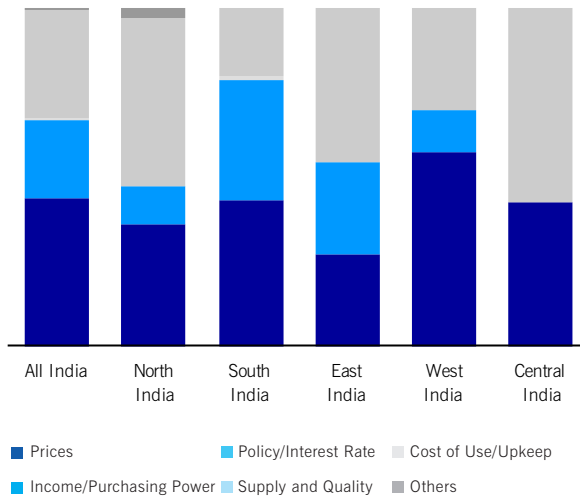
# Car Purchase Indicator Regions



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



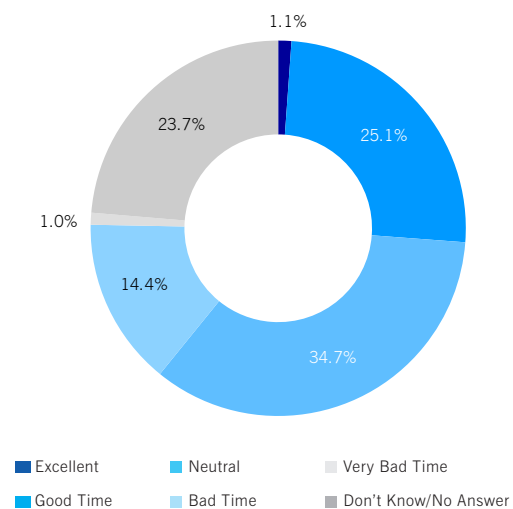
Reasons for a Bad Time to Buy a Car (% of Households)



purchase a car. More car makers are launching compact cars to attract price sensitive customers and have also reduced prices of existing models. There have been reports that Honda Motors is developing a small car and a compact sports utility vehicle targeted specially for India where small cars dominate the market.

Expectations for the Price of Gasoline increased to 154.2 in July from 144.6 in June, the highest reading in three months. Some consumers reported that it was better to hire cabs or own CNG vehicles rather than petrol based ones. About three-quarters of consumers thought that the price of gasoline would rise, but those who were unsure or did not answer also increased substantially. This is probably due to mixed signals provided by the government who has promised to lower inflation and to cut down fuel subsidies in order to make the price of gasoline market determined.

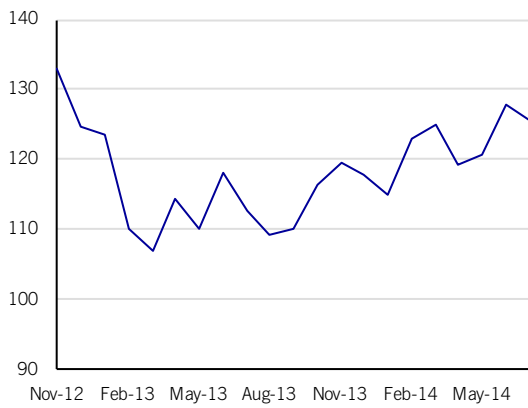
Is it a Good Time to Buy a Car? (% of Households)



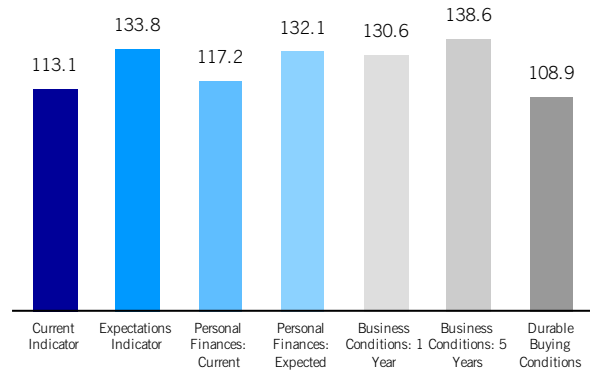
# MNI India Consumer Indicator Regions



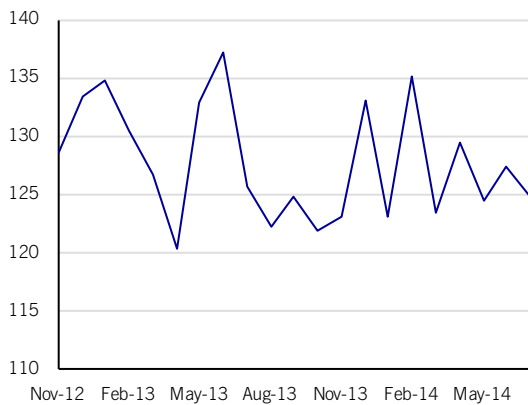
Consumer Indicator: North India



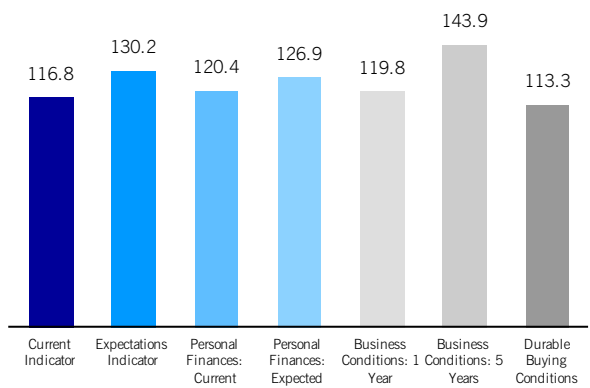
Consumer Indicator Components: North India



Consumer Indicator: South India

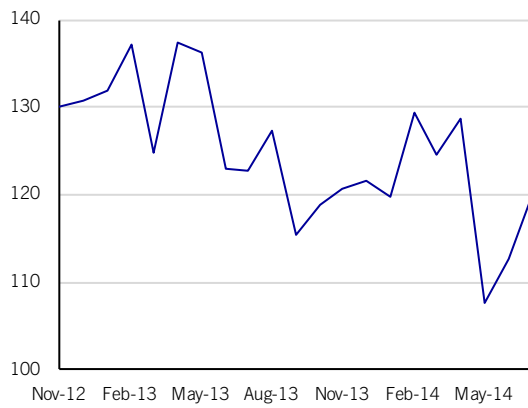


Consumer Indicator Components: South India

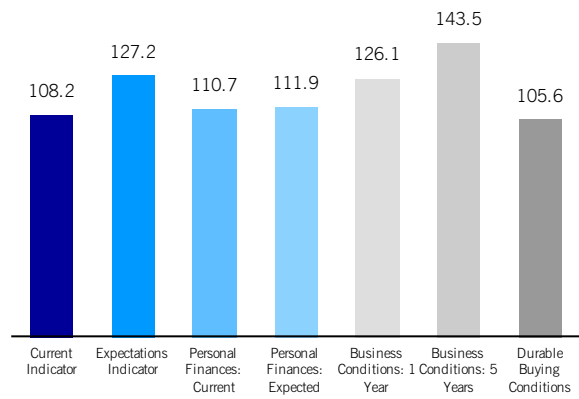




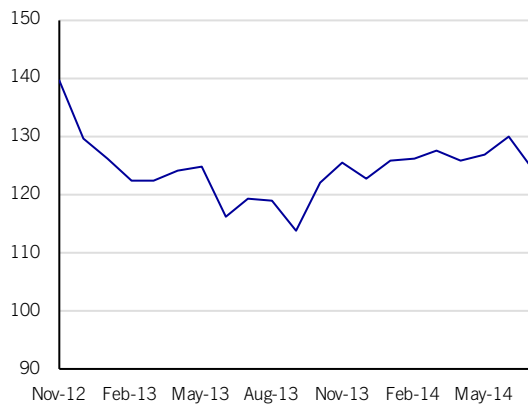
Consumer Indicator: East India



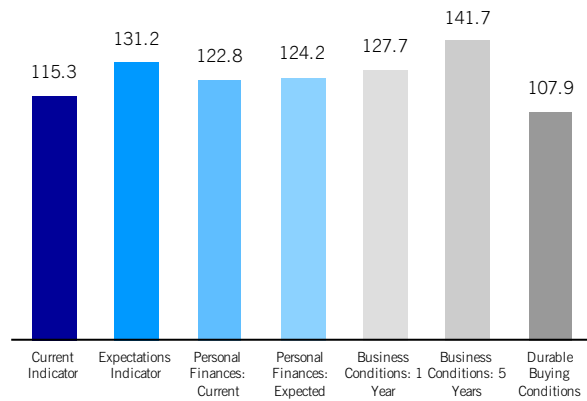
Consumer Indicator Components: East India



Consumer Indicator: West India



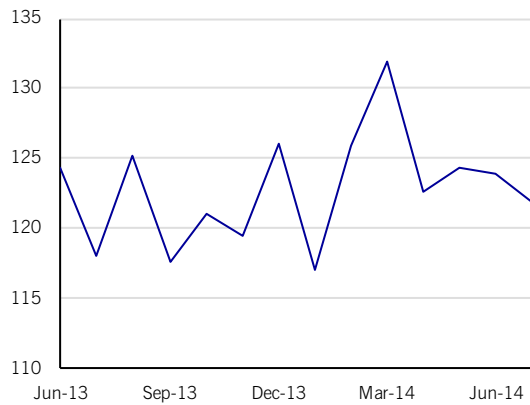
Consumer Indicator Components: West India



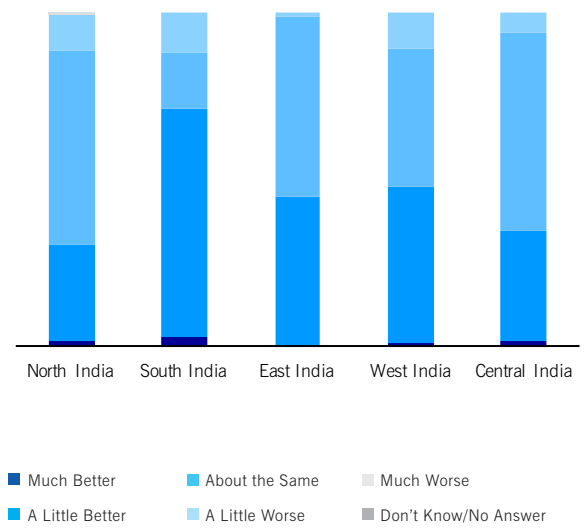




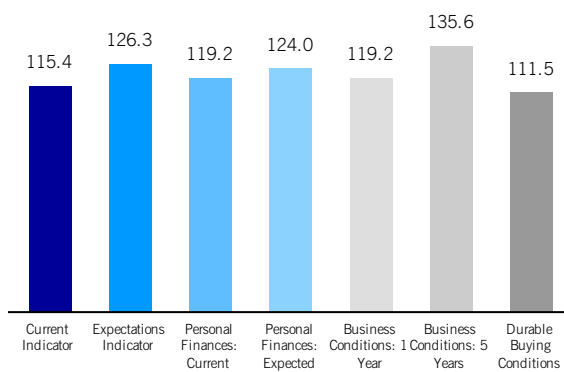
Consumer Indicator: Central India



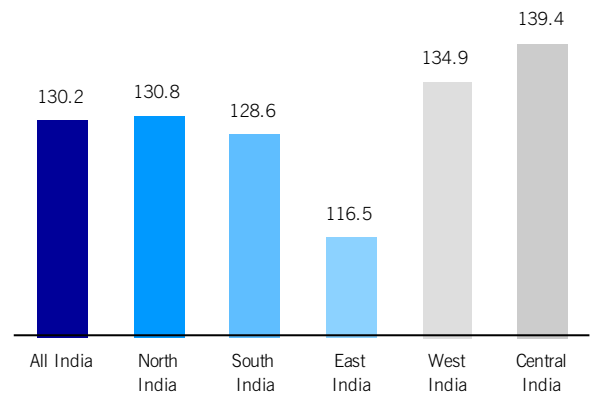
Employment Outlook for the Next 12 Months (% of Households)



Consumer Indicator Components: Central India

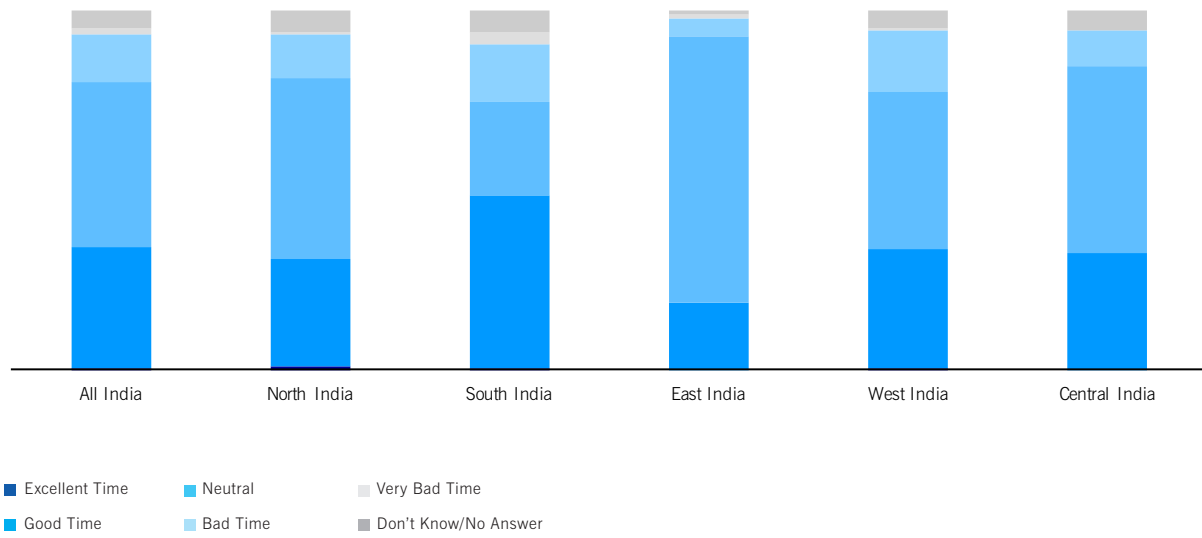


Interest Rate Expectations on House and Car Loans Indicator

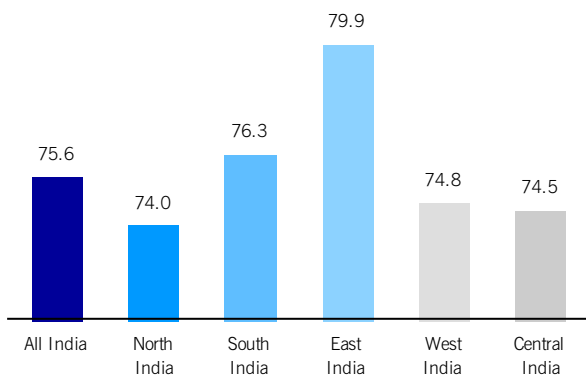




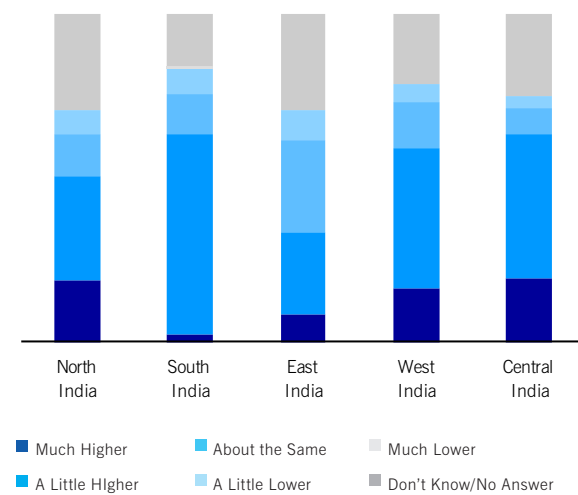
Is it a Good/Bad Time to Buy Large Household Goods? (% of Households)



Car Purchase Indicator - Regions



Interest Rates Expectations (% of Households)

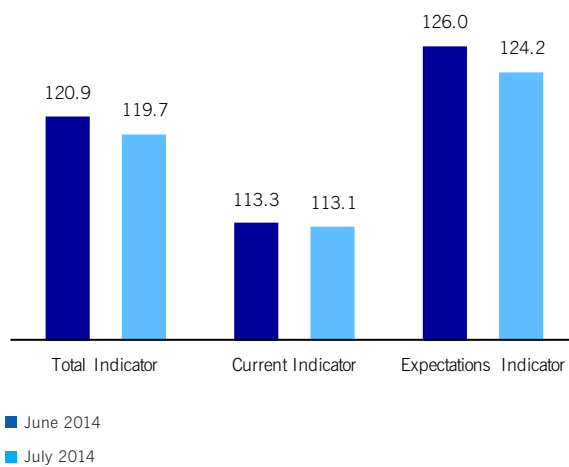




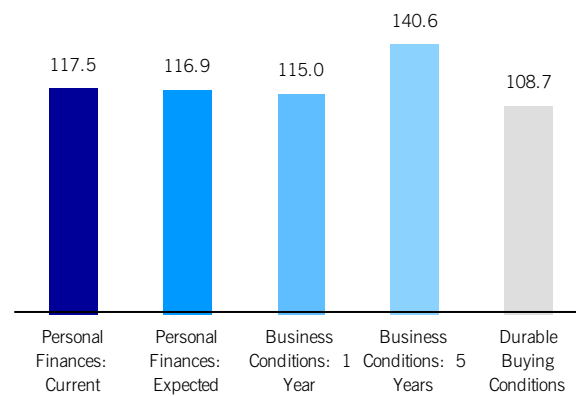
# MNI India Consumer Indicator

## Income Groups

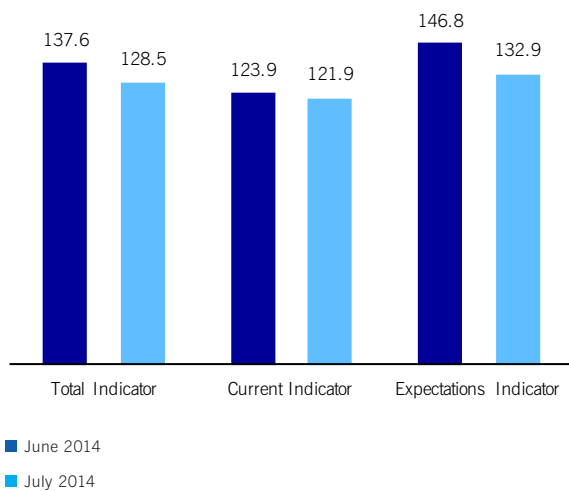
< INR 432,000 per annum



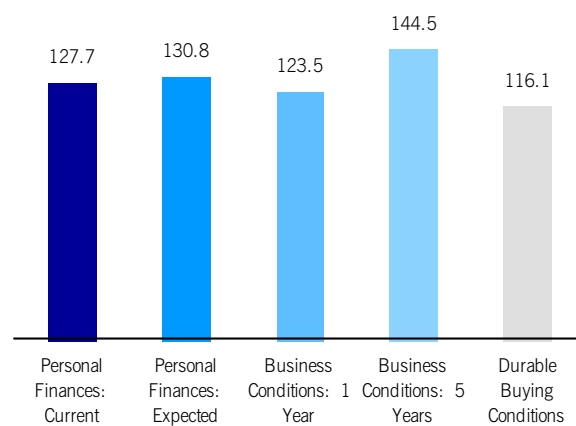
< INR 432,000 - Components



> INR 432,000 per annum



> INR 432,000 - Components



# Confidence deteriorated in both low and high income households, more so among the latter.

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Compared with the previous year, confidence among higher income households was down by 2.3% while for lower income households it was close to the level seen a year ago.



## What the Panel Said

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

"More companies want to open their branches here."

"Farming is the main source of earning here, but because of delayed rains business conditions seem to be bad."

"Low budget cars are available in the market."

"Prices of consumer durables are gradually coming down, so it will be a good time for people to buy such things."

"It is better to use CNG rather than petrol vehicles."

"To make our nation economically stable, the government should encourage the manufacturing sector by implementing suitable policies."

"It is prestigious to have a car these days."

"Exchange and buyback offers are available on consumer durable products."

"Cheaper cars are available."

"The price of cement is increasing, so house prices will also increase."

"Train fares have been increased."

"It is economical to hire a taxi."

"The government will do something to encourage businesses."

"Due to a delay in monsoons, business conditions will worsen."

"The price of electronic products is going down, so it will be good time for people to buy such things."

"We hope the new government will do something to boost business conditions."

"It is better to invest in land than to buy a house."

"Only diesel cars are affordable."

"Discounts are available on car purchase."

"We shop online because of good discounts and delivery on time."

"The metro rail is coming up, so house prices will increase in near future in this area."





# Data Tables

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

## North India Overview

	May-14	Jun-14	Jul-14	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
<b>North India Consumer Indicator</b>	120.8	128.0	125.5	-	May-14	124.8	-2.5	-1.9%
Current Indicator	112.6	115.1	113.1	-	May-14	113.6	-2.0	-1.7%
Expectations Indicator	126.2	136.5	133.8	-	May-14	132.2	-2.7	-2.0%
Personal Finance: Current	118.7	126.5	117.2	-	Apr-14	120.8	-9.3	-7.3%
Personal Finance: Expected	126.5	132.6	132.1	-	May-14	130.4	-0.5	-0.4%
Business Condition: 1 Year	126.6	132.6	130.6	-	May-14	129.9	-2.0	-1.5%
Business Condition: 5 Years	125.4	144.4	138.6	-	May-14	136.1	-5.8	-4.0%
Durable Buying Conditions	106.5	103.7	108.9	Mar-14	-	106.4	5.2	5.1%
Current Business Conditions Indicator	93.0	107.1	99.1	-	May-14	99.7	-8.0	-7.5%
Stock Investment Indicator	122.2	108.3	92.0	-	Mar-14	107.5	-16.3	-15.1%
Real Estate Investment Indicator	110.0	110.9	110.2	-	May-14	110.4	-0.7	-0.6%
Car Purchase Indicator	73.4	74.9	74.0	-	May-14	74.1	-0.9	-1.1%
Employment Outlook Indicator	105.6	115.1	110.0	-	May-14	110.2	-5.1	-4.4%
Inflation Expectations Indicator	156.1	140.7	145.8	May-14	-	147.5	5.1	3.6%
Current Prices Satisfaction Indicator	54.4	66.3	53.0	-	series low	57.9	-13.3	-20.0%
Interest Rates Expectations Indicator	133.6	146.6	130.8	-	Feb-14	137.0	-15.8	-10.8%

## South India Overview

	May-14	Jun-14	Jul-14	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
<b>South India Consumer Indicator</b>	124.5	127.3	124.8	-	May-14	125.5	-2.5	-1.9%
Current Indicator	119.5	121.3	116.8	-	Apr-13	119.2	-4.5	-3.7%
Expectations Indicator	127.9	131.3	130.2	-	May-14	129.8	-1.1	-0.8%
Personal Finance: Current	124.6	125.8	120.4	-	Apr-13	123.6	-5.4	-4.3%
Personal Finance: Expected	116.9	123.1	126.9	Feb-14	-	122.3	3.8	3.1%
Business Condition: 1 Year	118.9	120.0	119.8	-	May-14	119.6	-0.2	-0.1%
Business Condition: 5 Years	147.8	150.9	143.9	-	Feb-14	147.5	-7.0	-4.7%
Durable Buying Conditions	114.3	116.9	113.3	-	Jan-14	114.8	-3.6	-3.1%
Current Business Conditions Indicator	114.7	119.6	117.7	-	May-14	117.3	-1.9	-1.6%
Stock Investment Indicator	117.6	113.0	136.7	series high	-	122.4	23.7	21.1%
Real Estate Investment Indicator	111.0	108.1	104.3	-	series low	107.8	-3.8	-3.5%
Car Purchase Indicator	82.3	81.6	76.3	-	Apr-14	80.1	-5.3	-6.5%
Employment Outlook Indicator	125.3	134.0	131.2	-	May-14	130.2	-2.8	-2.1%
Inflation Expectations Indicator	143.4	137.7	140.4	May-14	-	140.5	2.7	1.9%
Current Prices Satisfaction Indicator	71.3	74.8	83.3	Feb-14	-	76.5	8.5	11.2%
Interest Rates Expectations Indicator	128.6	137.6	128.6	-	Mar-14	131.6	-9.0	-6.5%

## East India Overview

	May-14	Jun-14	Jul-14	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
<b>East India Consumer Indicator</b>	107.6	112.8	119.6	Apr-14	-	113.3	6.8	6.0%
Current Indicator	107.7	105.7	108.2	Apr-14	-	107.2	2.5	2.4%
Expectations Indicator	107.5	117.5	127.2	Apr-14	-	117.4	9.7	8.2%
Personal Finance: Current	108.7	108.3	110.7	Apr-14	-	109.2	2.4	2.2%
Personal Finance: Expected	108.1	117.4	111.9	-	May-14	112.5	-5.5	-4.7%
Business Condition: 1 Year	94.2	109.5	126.1	Apr-14	-	109.9	16.6	15.1%
Business Condition: 5 Years	120.2	125.5	143.5	Apr-14	-	129.7	18.0	14.3%
Durable Buying Conditions	106.7	103.1	105.6	May-14	-	105.1	2.5	2.5%
Current Business Conditions Indicator	99.4	100.8	105.4	Apr-14	-	101.9	4.6	4.6%
Stock Investment Indicator	-	108.8	116.7	Sep-13	-	75.2	7.9	7.2%
Real Estate Investment Indicator	111.8	106.6	110.5	May-14	-	109.6	3.9	3.6%
Car Purchase Indicator	64.4	76.0	79.9	Mar-14	-	73.4	3.9	5.1%
Employment Outlook Indicator	95.1	115.0	121.9	Aug-13	-	110.7	6.9	5.9%
Inflation Expectations Indicator	122.4	119.2	125.0	Apr-14	-	122.2	5.8	4.9%
Current Prices Satisfaction Indicator	62.4	77.1	93.4	Jun-13	-	77.6	16.3	21.1%
Interest Rates Expectations Indicator	113.5	109.4	116.5	Apr-14	-	113.1	7.1	6.6%

## West India Overview

	May-14	Jun-14	Jul-14	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
<b>West India Consumer Indicator</b>	126.9	129.9	124.8	-	Dec-13	127.2	-5.1	-3.9%
Current Indicator	114.8	116.2	115.3	-	May-14	115.4	-0.9	-0.8%
Expectations Indicator	134.9	139.0	131.2	-	Dec-13	135.0	-7.8	-5.6%
Personal Finance: Current	122.3	123.8	122.8	-	May-14	123.0	-1.0	-0.8%
Personal Finance: Expected	130.3	132.4	124.2	-	Sep-13	129.0	-8.2	-6.1%
Business Condition: 1 Year	131.7	136.0	127.7	-	Dec-13	131.8	-8.3	-6.1%
Business Condition: 5 Years	142.9	148.6	141.7	-	Apr-14	144.4	-6.9	-4.7%
Durable Buying Conditions	107.4	108.7	107.9	-	May-14	108.0	-0.8	-0.7%
Current Business Conditions Indicator	107.1	114.6	108.4	-	May-14	110.0	-6.2	-5.4%
Stock Investment Indicator	121.0	125.8	116.7	-	Apr-14	121.2	-9.1	-7.3%
Real Estate Investment Indicator	113.6	112.7	113.9	Apr-14	-	113.4	1.2	1.0%
Car Purchase Indicator	77.0	80.3	74.8	-	Apr-14	77.4	-5.5	-6.9%
Employment Outlook Indicator	127.1	122.8	119.2	-	Apr-14	123.0	-3.6	-2.9%
Inflation Expectations Indicator	148.4	125.9	131.4	May-14	-	135.2	5.5	4.4%
Current Prices Satisfaction Indicator	63.1	66.3	72.1	Jan-14	-	67.2	5.8	8.7%
Interest Rates Expectations Indicator	132.3	136.0	134.9	-	May-14	134.4	-1.1	-0.9%

## Central India Overview

	May-14	Jun-14	Jul-14	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
<b>Central India Consumer Indicator</b>	124.3	123.9	121.9	-	Jan-14	123.4	-2.0	-1.6%
Current Indicator	117.9	115.3	115.4	May-14	-	116.2	0.1	0.1%
Expectations Indicator	128.6	129.7	126.3	-	Apr-14	128.2	-3.4	-2.6%
Personal Finance: Current	130.4	123.7	119.2	-	Feb-14	124.4	-4.5	-3.6%
Personal Finance: Expected	115.2	128.0	124.0	-	May-14	122.4	-4.0	-3.1%
Business Condition: 1 Year	126.8	122.9	119.2	-	Apr-14	123.0	-3.7	-3.0%
Business Condition: 5 Years	143.8	138.1	135.6	-	Jan-14	139.2	-2.5	-1.9%
Durable Buying Conditions	105.4	106.8	111.5	Apr-14	-	107.9	4.7	4.5%
Current Business Conditions Indicator	112.5	101.7	104.8	May-14	-	106.3	3.1	3.1%
Stock Investment Indicator	116.7	-	-	-	-	-	-	-
Real Estate Investment Indicator	114.3	115.8	113.8	-	Nov-13	114.6	-2.0	-1.8%
Car Purchase Indicator	68.8	78.0	74.5	-	May-14	73.7	-3.5	-4.4%
Employment Outlook Indicator	116.1	122.9	115.4	-	Mar-14	118.1	-7.5	-6.1%
Inflation Expectations Indicator	159.8	127.1	145.2	May-14	-	144.0	18.1	14.2%
Current Prices Satisfaction Indicator	66.1	67.8	67.3	-	May-14	67.1	-0.5	-0.7%
Interest Rates Expectations Indicator	146.4	131.4	139.4	May-14	-	139.1	8.0	6.1%

## All India - Overview by Age

	May-14	Jun-14	Jul-14	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
<b>Age 18-34</b>								
<b>MNI India Consumer Indicator</b>	126.6	129.9	125.7	-	Mar-14	127.4	-4.2	-3.2%
Current Indicator	117.5	119.1	115.7	-	Mar-14	117.4	-3.4	-2.9%
Expectations Indicator	132.6	137.1	132.3	-	Mar-14	134.0	-4.8	-3.5%
Personal Finance: Current	124.7	127.1	122.2	-	Mar-14	124.7	-4.9	-3.8%
Personal Finance: Expected	130.7	132.3	126.8	-	Nov-13	129.9	-5.5	-4.1%
Business Condition: 1 Year	126.8	129.9	126.7	-	Mar-14	127.8	-3.2	-2.5%
Business Condition: 5 Years	140.4	149.0	143.4	-	May-14	144.3	-5.6	-3.7%
Durable Buying Conditions	110.2	111.2	109.2	-	Mar-14	110.2	-2.0	-1.8%
<b>Age 35-54</b>								
<b>MNI India Consumer Indicator</b>	120.5	124.8	123.5	-	May-14	122.9	-1.3	-1.0%
Current Indicator	115.1	115.0	113.5	-	Apr-14	114.5	-1.5	-1.3%
Expectations Indicator	124.2	131.3	130.2	-	May-14	128.6	-1.1	-0.8%
Personal Finance: Current	121.3	121.8	117.8	-	Aug-13	120.3	-4.0	-3.3%
Personal Finance: Expected	118.6	126.5	125.5	-	May-14	123.5	-1.0	-0.8%
Business Condition: 1 Year	120.3	123.9	125.8	Feb-14	-	123.3	1.9	1.5%
Business Condition: 5 Years	133.7	143.4	139.4	-	May-14	138.8	-4.0	-2.8%
Durable Buying Conditions	108.9	108.2	109.1	Mar-14	-	108.7	0.9	0.8%
<b>Age 55-64</b>								
<b>MNI India Consumer Indicator</b>	118.2	122.9	122.9	-	May-14	121.3	0.0	0.0%
Current Indicator	110.3	111.0	114.7	Dec-13	-	112.0	3.7	3.4%
Expectations Indicator	123.5	130.9	128.3	-	May-14	127.6	-2.6	-2.0%
Personal Finance: Current	113.6	117.7	119.1	Dec-13	-	116.8	1.4	1.2%
Personal Finance: Expected	116.7	124.2	121.7	-	May-14	120.9	-2.5	-2.0%
Business Condition: 1 Year	116.9	130.0	124.0	-	May-14	123.6	-6.0	-4.6%
Business Condition: 5 Years	136.8	138.5	139.1	Mar-14	-	138.1	0.6	0.4%
Durable Buying Conditions	106.9	104.2	110.4	Mar-14	-	107.2	6.2	5.9%



## All India - Overview by Income

	May-14	Jun-14	Jul-14	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
<b>&lt; INR 432,000 per annum</b>								
<b>MNI India Consumer Indicator</b>	123.2	120.9	119.7	-	Sep-13	121.3	-1.2	-1.0%
Current Indicator	118.1	113.3	113.1	-	Sep-13	114.8	-0.2	-0.2%
Expectations Indicator	126.6	126.0	124.2	-	Sep-13	125.6	-1.8	-1.4%
Personal Finance: Current	121.7	118.7	117.5	-	Mar-14	119.3	-1.2	-1.0%
Personal Finance: Expected	120.5	113.4	116.9	May-14	-	116.9	3.5	3.1%
Business Condition: 1 Year	115.6	113.8	115.0	May-14	-	114.8	1.2	1.1%
Business Condition: 5 Year	143.6	150.8	140.6	-	Feb-14	145.0	-10.2	-6.7%
Durable Buying Conditions	114.6	108.0	108.7	May-14	-	110.4	0.7	0.7%
<b>&gt; INR 432,000 per annum</b>								
<b>MNI India Consumer Indicator</b>	130.6	137.6	128.5	-	Mar-14	132.2	-9.1	-6.6%
Current Indicator	120.8	123.9	121.9	-	May-14	122.2	-2.0	-1.6%
Expectations Indicator	137.2	146.8	132.9	-	Mar-14	139.0	-13.9	-9.4%
Personal Finance: Current	132.9	135.5	127.7	-	Jan-14	132.0	-7.8	-5.7%
Personal Finance: Expected	134.4	140.2	130.8	-	Jan-14	135.1	-9.4	-6.7%
Business Condition: 1 Year	132.2	146.0	123.5	-	Mar-14	133.9	-22.5	-15.4%
Business Condition: 5 Year	145.0	154.2	144.5	-	Mar-14	147.9	-9.7	-6.3%
Durable Buying Conditions	108.6	112.3	116.1	Dec-13	-	112.3	3.8	3.4%

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

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

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

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





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**Published by**

MNI Indicators | Deutsche Börse Group

Westferry House

11 Westferry Circus

London

E14 4HE

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

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