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MNI India Consumer Report May 2015

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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Engagement

The two giants of Asia, China and India are very different in both cultural and economic aspects but share pressing current issues such as addressing economic growth, rampant corruption and environmental concerns.

The two most populous countries, China and India, together constitute about 37% of the world's population. These two giants of Asia are very different in both cultural and economic aspects but share pressing current issues such as addressing economic growth, rampant corruption and environmental concerns. Until now these two nations have been shy business partners with combined annual trade of mere \$70 billion. Today both countries have a strong leader at the helm, China's President Xi Jinping and India's Prime Minister Narendra Modi and a seemingly greater willingness to cooperate in ways that will benefit both.

On every economic measure, China is more developed than India. China's GDP per capita is more than three times higher than India's, life expectancy eight years longer, the adult literacy rate 50% greater, access to electricity higher by 33% and internet penetration more than double. These economic measures tell the same story: a less stable and not so business friendly government in India gave little incentive for China to engage actively with it.

Things have started to take a slightly different turn, with Chinese growth slowing considerably. In contrast, India is set to witness a period of high growth (this month's survey data aside) with the installation of a business-friendly government, keen on attracting investments and removing bureaucratic hurdles. India has a stronger demographic potential where its workforce is set to grow in relation to the overall size of its population base, whereas China is witnessing a decline in the size of its labour force driven by its one-child policy. It's highly likely that India will be able to sustain higher economic growth than China over the coming decades.

In China, Narendra Modi was received with great state pomp suggesting that it has started to acknowledge the importance of its chaotic and poor neighbour. The trip was accompanied by some grand announcements of co-operation. Narendra Modi and Xi Jinping have sought to strengthen commercial ties

as well as ease tensions over the disputed 4000 km Himalayan border. China had already promised \$20bn of infrastructure during Mr Xi's visit to India last year and deals worth another \$22bn were signed on Modi's trip to China. The announcements have started to become a reality. Airtel, the biggest telecom operator in India, already announced \$2.5bn of financing from the China Development Bank and the Industrial and Commercial Bank of China. China seems to be acknowledging that investments into India are a great way to benefit from its growth potential, an idea that until now was seen remote. China is India's biggest trading partner, but the figure is worryingly skewed, with annual imports from China offsetting exports by almost \$48bn. Seeking investment from China is one way of plugging the hole which also offers a great business opportunity for China. Investments from China can be used for developing Indian infrastructure and manufacturing, which desperately needs modernisation. Similarly, Indian software giants and pharmaceutical companies can explore setting up operational bases in China.

The countries have also found a common ground in building alternatives to Western-dominated financial institutions through the BRICS Development Bank headquartered in Shanghai, where an Indian banker is the first chief and China's Asian Infrastructure Investment Bank where India is also a founding member.

The two nations have individual strengths but it is their combined resources and talents which have the potential to drive regional and global growth and make this truly an Asian century.

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MNI Indicators



Executive Summary

The MNI India Consumer Sentiment Indicator fell by 2% to 119.6 in May from 122.1 in April as sentiment across all its components declined, led by a fall in Durable Buying Conditions.

The MNI India Consumer Sentiment Indicator fell by 2% to 119.6 in May from 122.1 in April as sentiment across all its components declined, led by a fall in Durable Buying Conditions.

It's now one year since Prime Minister Narendra Modi was elected and over that period confidence has declined 2.1%, with respondents' hopes for economic conditions over the long-term dented significantly and only the Durable Buying Conditions indicator managing to rise slightly. In contrast, the survey shows that optimism on current business conditions has increased by 8% over the same period, something which hasn't been reflected in the headline confidence measure. In spite of the rise in current business sentiment, consumers have revised down their expectations for the future over the past year.

The continued subdued level of consumer confidence, combined with the weakness in our sister India business survey, supports the case for a further cut in the benchmark interest rate at the RBI's upcoming monetary policy review on June 2.

The across the board decline in sentiment between April and May was driven by a 3.3% fall in Durable Buying Conditions, following a significant increase in the previous month. The two business conditions components which measure expected conditions in one and five years declined by a lesser magnitude, although the latter fell to the lowest since September 2013. Both Current and Expected Personal Finances measures held up better but were still down on the month with the latter declining to the lowest since September 2013.

The latest results continue to show that the period of very low inflation may be coming to an end, with inflation expectations up and satisfaction with current prices down for the third consecutive month. Still, the lagged impact of low inflation and also the recent rate cuts do seem to have had some impact.

The Current Indicator, which measures consumers' assessment of their current conditions, fell to 113.5 in May from 115.7 in April. The Expectations

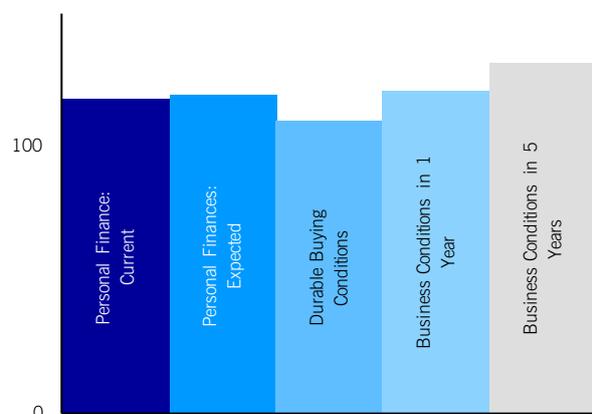
Indicator also fell to 123.7 from 126.4 in the previous month, the lowest since September 2013.

In contrast to declines in other areas, the Employment Outlook Indicator rose slightly for the second consecutive month to 121.1 from 120.1 in April, leaving it above the 116.5 posted in the same month a year earlier.

The Real Estate Investment Indicator is one of the few indicators in the survey which has shown a slight uptick over the last year, led by rising house price expectations. In contrast house buying sentiment has declined sharply with respondents seeing it as a bad time to purchase a house.

The Car Purchase Indicator fell by almost 9% to 87.7 in May from 96.3 in the previous month as more respondents anticipated gasoline prices to pick-up which outweighed their willingness to purchase a car in the next 12 months.

MNI India Consumer Indicator - Components



All India - Overview

	Mar-15	Apr-15	May-15	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
MNI India Consumer Indicator	118.5	122.1	119.6	-	Mar-15	120.1	-2.5	-2.0%
Current Indicator	109.9	115.7	113.5	-	Mar-15	113.0	-2.2	-1.9%
Expectations Indicator	124.2	126.4	123.7	-	Sep-13	124.8	-2.7	-2.1%
Personal Finance: Current	114.5	118.3	117.7	-	Mar-15	116.8	-0.6	-0.5%
Personal Finance: Expected	121.1	120.8	119.1	-	Sep-13	120.3	-1.7	-1.4%
Business Condition: 1 Year	119.5	123.8	121.1	-	Mar-15	121.5	-2.7	-2.2%
Business Condition: 5 Years	132.1	134.5	131.0	-	Sep-13	132.5	-3.5	-2.6%
Durable Buying Conditions	105.4	113.0	109.2	-	Mar-15	109.2	-3.8	-3.3%
Current Business Conditions Indicator	110.3	114.4	113.0	-	Mar-15	112.6	-1.4	-1.2%
Stock Investment Indicator	126.0	131.3	121.5	-	Feb-15	126.3	-9.8	-7.5%
Real Estate Investment Indicator	112.1	115.3	114.6	-	Mar-15	114.0	-0.7	-0.6%
Car Purchase Indicator	96.5	96.3	87.7	-	Oct-14	93.5	-8.6	-8.9%
Employment Outlook Indicator	116.3	120.1	121.1	Feb-15	-	119.2	1.0	0.8%
Inflation Expectations Indicator	132.8	134.2	138.7	May-14	-	135.2	4.5	3.4%
Current Prices Satisfaction Indicator	95.4	92.6	86.7	-	Oct-14	91.6	-5.9	-6.4%
Interest Rates Expectations Indicator	121.9	129.2	134.3	Jun-14	-	128.5	5.1	4.0%

All India - Summary

	2014								2015				
	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
MNI India Consumer Indicator	122.1	126.2	124.1	125.2	124.1	123.7	120.9	119.6	120.4	121.2	118.5	122.1	119.6
Current Indicator	114.6	115.7	114.2	116.2	117.5	111.0	110.7	106.9	112.2	114.3	109.9	115.7	113.5
Expectations Indicator	127.2	133.2	130.8	131.2	128.4	132.3	127.7	128.0	125.8	125.7	124.2	126.4	123.7
Personal Finance: Current	120.6	122.9	119.1	115.4	117.1	115.4	115.6	114.4	113.3	116.1	114.5	118.3	117.7
Personal Finance: Expected	122.5	128.1	125.2	132.1	132.2	129.2	128.7	126.3	124.2	123.7	121.1	120.8	119.1
Business Condition: 1 Year	122.3	127.2	125.9	126.4	120.7	128.8	116.3	119.9	119.6	120.1	119.5	123.8	121.1
Business Condition: 5 Years	136.8	144.5	141.3	135.1	132.5	138.8	138.1	137.9	133.6	133.3	132.1	134.5	131.0
Durable Buying Conditions	108.6	108.5	109.3	116.9	118.0	106.5	105.8	99.4	111.2	112.6	105.4	113.0	109.2
Current Business Conditions Indicator	104.7	111.4	107.7	109.0	113.9	113.5	108.6	116.6	112.4	117.2	110.3	114.4	113.0
Stock Investment Indicator	120.6	118.4	112.9	113.5	130.8	108.9	114.8	118.5	114.5	114.7	126.0	131.3	121.5
Investment Return	139.1	132.8	131.1	126.5	162.4	109.1	144.3	158.2	140.4	128.9	152.5	151.0	154.2
Stock Price Sentiment	112.8	117.8	125.6	106.0	122.2	111.8	131.8	145.5	145.9	121.9	129.0	104.4	112.6
Stock Market Expectations	135.5	140.1	133.2	120.1	152.2	129.2	131.8	142.8	148.9	137.1	154.4	147.4	122.9
Real Estate Investment Indicator	111.9	110.6	110.3	111.3	112.5	112.6	111.0	111.0	114.2	114.5	112.1	115.3	114.6
House Price Expectations	139.8	142.6	144.9	148.7	146.4	149.6	144.0	154.2	153.6	151.8	149.9	152.9	156.6
House Buying Sentiment	103.2	99.1	99.7	97.4	96.2	98.4	92.1	89.3	94.6	96.6	91.5	88.9	88.4
House Selling Sentiment	107.3	110.0	113.7	112.2	105.2	110.0	103.2	110.7	105.5	104.9	105.0	96.0	101.4
Car Purchase Indicator	75.2	78.6	75.6	78.5	86.6	86.1	91.7	91.4	104.0	108.1	96.5	96.3	87.7
Car Purchase Expectations	101.8	101.7	105.4	108.5	107.6	100.8	89.8	79.7	105.1	105.8	100.7	103.8	102.1
Price of Gasoline Expectations	151.4	144.6	154.2	151.4	134.4	128.5	106.3	96.9	97.0	89.5	107.6	111.2	126.6
Employment Outlook Indicator	116.5	122.5	119.9	109.8	109.1	106.9	111.4	121.1	122.7	121.8	116.3	120.1	121.1
Inflation Expectations Indicator	146.4	131.5	137.0	133.7	131.1	127.9	119.0	123.2	126.8	119.6	132.8	134.2	138.7
Current Prices Satisfaction Indicator	63.0	69.8	72.5	68.3	78.8	81.6	89.7	97.1	96.4	100.4	95.4	92.6	86.7
Interest Rates Expectations Indicator	130.1	135.3	130.2	119.4	121.0	124.6	122.0	129.4	123.9	124.0	121.9	129.2	134.3

All India - Records

	2012-Current			
	Minimum	Maximum	Mean	Median
MNI India Consumer Indicator	115.9	133.7	123.0	122.9
Current Indicator	106.9	128.3	115.6	114.6
Expectations Indicator	120.3	137.3	128.0	127.2
Personal Finance: Current	113.3	135.4	119.9	118.3
Personal Finance: Expected	118.4	141.5	127.8	128.1
Business Condition: 1 Year	114.1	131.8	122.0	120.7
Business Condition: 5 Years	123.9	144.5	134.0	133.3
Durable Buying Conditions	99.4	121.1	111.2	111.4
Current Business Conditions Indicator	102.9	124.9	113.5	113.1
Stock Investment Indicator	89.7	131.3	110.3	109.5
Investment Return	82.7	162.4	121.9	114.6
Stock Price Sentiment	100.4	145.9	115.8	112.7
Stock Market Expectations	103.8	154.4	124.7	120.1
Real Estate Investment Indicator	109.7	119.9	113.7	113.7
House Price Expectations	133.3	156.6	145.6	145.4
House Buying Sentiment	88.4	121.5	102.0	99.7
House Selling Sentiment	95.5	113.7	106.4	105.4
Car Purchase Indicator	60.1	108.1	79.3	76.4
Car Purchase Expectations	79.7	114.8	102.5	103.2
Price of Gasoline Expectations	89.5	171.0	143.8	154.0
Employment Outlook Indicator	106.9	128.3	118.2	119.2
Inflation Expectations Indicator	119.0	159.2	140.6	138.7
Current Prices Satisfaction Indicator	63.0	115.9	85.5	86.7
Interest Rates Expectations Indicator	116.6	140.4	128.9	129.6

The Indian economy
grew 7.3% in
2014-15, above last
year's growth of
6.6%.

Encouragingly, there was unexpected strength in the manufacturing sector which contributed strongly to growth.



Economic Landscape

While headline GDP data showed an acceleration in activity in the Jan-Mar quarter, they were skewed by special factors.

While headline GDP data showed an acceleration in activity in the Jan-Mar quarter, they were skewed by special factors. Underlying growth, as measured by GVA at basic prices, looks to have weakened and there is still a worrying schism between the quarterly GDP data and the monthly economic data flow with the latter proving much weaker.

Industrial output expanded at the slowest pace in five months in March which resulted in growth of 2.8% in the fiscal year 2014-15. More severe is the slowdown in exports, which contracted for the fifth consecutive month in April due to less demand from key trade partners, decline in crude oil prices and volatility in the rupee. Even domestic demand remained fragile as imports declined by 7.5% on the year.

We expect the RBI to place more weight on the GVA data at basic prices which appears to more consistent with other economic indicators and also our survey evidence. Given the continued low level of consumer inflation we expect the RBI to cut the benchmark interest rate at the upcoming monetary policy meeting on June 2 by 25 basis points.

Economic growth at a four-year high

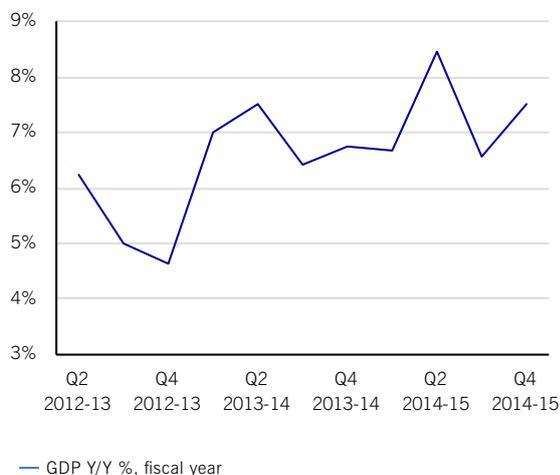
Latest GDP data showed growth increased to 7.5% on the year in Jan-March, the fourth quarter of India’s fiscal year, up 6.6% in the previous quarter – revised from

7.5% previously. Also note that on a GVA at basic prices showed a deceleration with the headline measure skewed by subsidy and tax payments – see below. Much of the growth came from the manufacturing and services sectors with agricultural output contracting by 1.4%, compared with growth of 5.3% in the same period a year earlier because of crop damage due to unseasonal rains. Manufacturing growth strengthened to 8.4% in the three months to March from 3.6% in the previous quarter and also above 4.4% growth in the Jan-Mar quarter for the previous year. Services continued to be the frontrunner with growth of 9.2%, although down from previous quarter’s growth of 12.5%.

On an expenditure basis, growth in the March quarter was led by 7.9% year-on-year growth of private final consumption expenditure, despite the weakness in rural demand following the unfavourable trend in agricultural output. Gross fixed capital formation rose by a modest 4.1%, highlighting that the pace of implementation of projects remains moderate despite the clearances and reform measures initiated by the Government. In contrast, Government final consumption expenditure contracted by 7.9%, reflecting lower subsidy payouts in that quarter as well as an attempt to meet fiscal deficit targets.

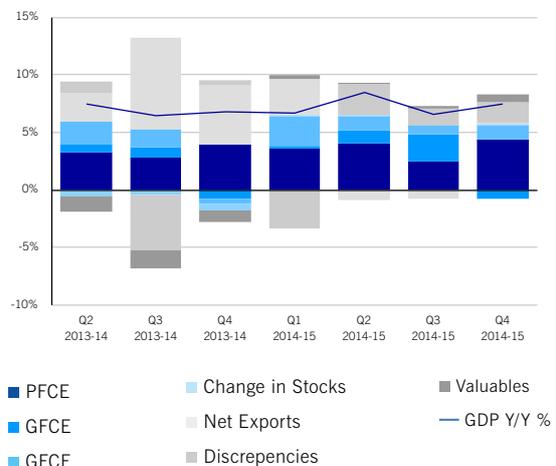
While headline GDP showed an acceleration, albeit from a revised Oct-Dec quarter, Gross Value Add (at basic

Economic Growth



Source: Central Statistics Office

Contribution to GDP Growth



Source: Central Statistics Office

Contribution to GDP Growth

	2014-15	2013-14
Private Final Consumption Expenditure	3.8%	2.8%
Government Final Consumption Expenditure	0.8%	0.7%
Gross Fixed Capital Formation	1.5%	0.7%
Net Exports	0.4%	3.5%
Discrepancies	0.8%	-0.8%

prices) growth came in weaker actually slowed from 6.8% in quarter ending Dec to 6.1% in the quarter ending Jan and was significantly lower than the 7.8% advance estimate put out by the government. Growth on this measure has now been slowing since Q2FY15 when it stood at 8.4% from a revised 7.8%. Since, GDP at market prices is computed by adding indirect taxes net of subsidies to Gross Value Add (at basic prices), this suggests that there was very strong growth in indirect taxes net of subsidies in quarter ending March. Collapsing oil prices have significantly reduced the oil and fertilizer subsidy burden while the government has increased excise duties on gasoline and diesel prices. So the strong growth in the Jan-Mar quarter is at least partly due to these temporary factors.

For the full year, India's economy expanded by 7.3% in year ending March, just about falling short of the Advance Estimate of 7.4% released by the Central Statistics Office but was an improvement from the previous year's 6.9% growth.

Agriculture growth was paltry at just 0.2% in the year 2014-15 slowing significantly from 3.7% growth in the previous year. Manufacturing grew by 7.1% from 5.3% in the previous year with the sector accounting for 18.1% of the economy. Mining, however, slowed to a growth of 2.4% from 5.4% in the previous year. Growth in 2014-15 was still primarily due to the service sector, which grew by 10.6% compared with 9% in the year 2013-14.

In 2014-15, on an expenditure basis, personal consumption added 3.8 percentage points to growth, having contributed 2.8 percentage points in the previous year, while net exports contributed just 0.4 percentage points to GDP growth, having added 3.5 percentage point previously. Investment, which was a drag on GDP

growth last year, adding just 0.7 percentage point more than doubled to 1.5 percentage points in 2014-15.

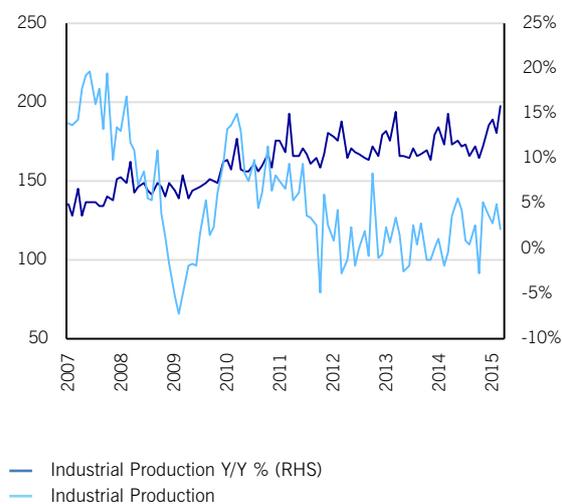
Changes to the way that the GDP data is compiled has put India on a high growth platform. In January, three key changes were made to the calculation method. Firstly, the base year was updated to 2011-12 from 2004-05 previously. Secondly, India now follows international norms by calculating GDP at market prices rather than factor cost. The latter method, which was the convention until now, included production subsidies and excluded taxes on production. Finally, GDP now includes under-represented and informal sectors and items such as smart phones and LED television sets.

Higher government spending on infrastructure, easing of rules for foreign direct investment, continued reform momentum and monetary easing are expected to support an investment revival in 2015-16 while moderate inflation should boost urban consumer demand.

Output expands at the slowest pace in five months

Industrial production expanded by 2.1% on the year in March following an increase of 4.9% (revised down from 5% previously) in February, partly owing to base effects. Industrial production saw growth of 2.8% in FY15 compared with a contraction of 0.1% in FY14. The

Industrial Production



Source: Central Statistics Office

improvement in industrial production is to be welcomed but it remains weak. Moreover, growth was boosted by electricity output which grew by 8.4% in FY15 compared with 6.1% growth in FY14. Manufacturing growth also revived to 2.3%, albeit coming from a weak base (-0.8% in FY14) signalling that production remains fragile.

According to use based classification, basic goods saw growth of 6.9% while consumer goods saw a decline of 3.4% in FY15 compared with a fall of 2.8% in FY14, indicating that consumption demand remains feeble. Turning to the core sector (accounting for 40% of IIP), growth eased to 3.5% in FY15 from 4.2% in FY14. Coal and electricity production have been the front runners growing by 8.2% and 8% in FY15 respectively. However, slower growth in petroleum refinery products (0.4% in FY15), steel (0.5%) and contraction in natural gas production (-5.2%) curtailed overall growth in core output.

In terms of quarters, there was an uptick in production growth to 3.2% in Q4FY15 from 2% in Q3FY15, also a marked improvement from a contraction of 0.4% in Q4FY14.

The slowdown in industrial production in March was led by manufacturing, which comprises around 75% of overall output. Manufacturing output grew by 2.2% on the year after increasing by 5.2% in the previous month. In March, 13 of the 22 industry groups within the manufacturing sector expanded with 'Furniture' witnessing the largest growth of 34% followed by a 18.2% expansion in 'Electrical machinery and apparatus'. While favourable base effects will prop up growth rates from next month, weakness in the rupee and the recovery in both the US and EU should also support export oriented manufacturing sectors in the following months.

Mining output grew by 0.9% on the year in March compared with growth of 1.9% (revised from 2.5%) in February. Output of consumer durables, a measure of consumer demand, continued to be a drag on industrial production as it contracted for the tenth consecutive month by 4.7% on the year. Capital goods output, a proxy for investment, rose by 7.6% on the year compared with 8.5% (revised down from 8.8% previously) in

February. This was the fifth consecutive rise, in spite of an unfavourable base effect.

The sluggish pace of domestic demand and weak export demand has weighed on overall industrial production. However, firmer growth is expected in April with a favourable base effect coming into play.

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. Companies expected to receive fewer domestic and overseas orders and hence revised down their outlook for production and employment. This was largely offset by lower expectations about the cost of raw materials and finance.

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 May, the MNI India Business Sentiment Indicator fell to the lowest in more than a year while other key parameters like production, new orders and availability of credit also eased significantly.

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 sentiment showed improvement while perceptions on future price levels and inflation deteriorated.

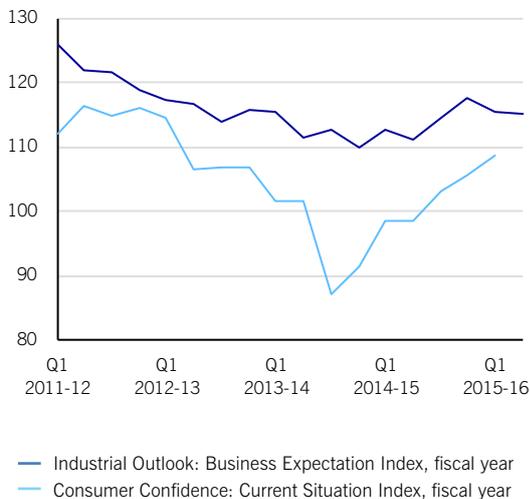
More up-to-date monthly data from the MNI India Consumer Sentiment Survey has shown confidence falling below that of the last year's in May. The MNI India Consumer Sentiment Indicator fell to a two-month low, as all five components of the indicator eased, led by the Durable Buying Conditions Indicator.

Inflation eases in April

Consumer price inflation eased to a four month low of 4.9% compared with 5.3% (revised up from 5.2% previously) in March. Food price inflation fell to 5.1% on the year compared with 6.1% in the previous month despite the crop damage caused by excess rainfall over large parts of the country. Core inflation picked up slightly to 4.3% in April after remaining stable at an average of 4.2% in the January to March period.

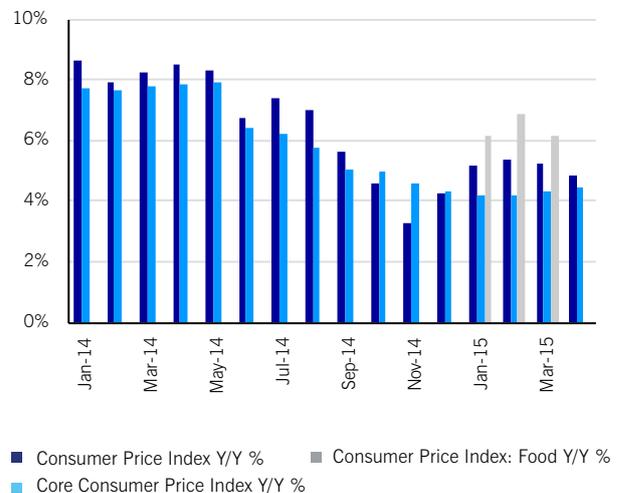
Following the rise in crude oil prices in April, retail prices of petrol and diesel were revised upwards at the beginning of May 2015 and this is expected to have a lagged pass through into retail fuel prices and push up overall inflation next month. Moreover it is forecasted that monsoon rains will be below normal this year, a second consecutive weak year, which will hit agricultural output and farmers adversely. Already unseasonal rains, strong winds and hailstorms in March have damaged the winter crop but its impact on inflation has yet to be seen. However, contingency plans are being put in place by the government to provide adequate buffer stocks to keep inflationary pressures contained. 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.

RBI Business and Consumer Sentiment



Source: Reserve Bank of India

Consumer Inflation



Source: Central Statistics Office

The previously targeted measure of inflation, based on the Wholesale Price Index, fell for the sixth consecutive month to a new record low of -2.7% in April from -2.3% in March. The slowdown mainly reflects significant global commodity disinflation in fuel and manufactured goods. Food inflation also eased to a four-month low of 5.7% while fuel inflation decelerated at a faster rate.

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.

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 easing policy further. Even though the RBI has cut the repo rate by 50 basis points since January, Indian banks have trimmed their lending rates marginally in order to boost profitability. HDFC, India's largest housing finance company, has cut rates by just 15 basis points while ICICI has reduced by 25 basis points. The

RBI 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 reiterated that there were risks to inflation due to supply side issues but these were likely to be compensated for by global disinflationary tendencies, soft commodity prices and slack in the domestic economy. 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.

Even though banks have not lowered their lending rates as much as the cut in the key repo rate, we expect the RBI to ease monetary policy further at the upcoming meeting on June 2 given the dip in retail inflation below 5% and lacklustre industrial production growth.

Exports contract for the fifth consecutive month

India's trade deficit eased to \$11 billion in April after rising to a four month high of \$11.8 billion in March, although was 9% above the \$10.1 billion shortfall recorded in April a year earlier.

Exports were down 14% on the year to \$22 billion in April from \$24 billion in March, owing to the global slowdown, crude oil price decline and volatility in the rupee. The main exporting sectors, including petroleum products, gems, jewellery and yarn and fabrics reported negative growth in April. The recent depreciation of the rupee against the dollar is expected to reverse some of this decline by making Indian exports competitive even as demand remains fragile in key trade partners. Imports declined by 7.5% on the year to \$33 billion in April due to lower gold and silver imports which fell from \$5 billion in March to \$3.1 billion in April. Gold imports in March were elevated as the 80:20 rule was abandoned as well as ahead of Akshaya Tritiya festival month where buying gold is considered auspicious. Crude oil imports were largely unchanged at \$7.4 billion indicating the recent bounce back in crude price did not percolate through.

The fiscal year ended with total exports of \$310 billion, missing the \$340 billion target, while imports contracted by 0.6% during the year, leaving a trade deficit of \$137 billion, slightly higher than the previous year's \$135

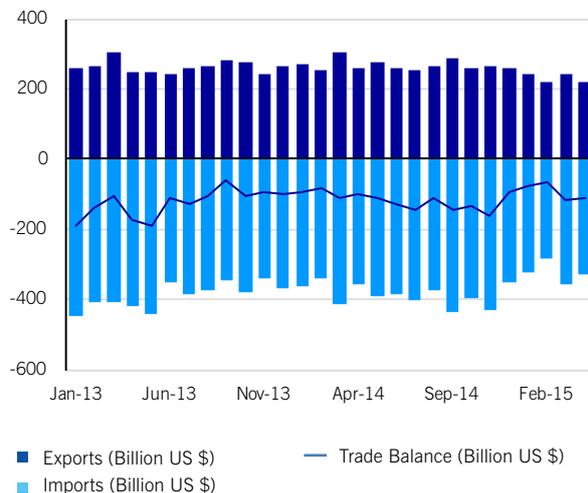
Rupee Exchange Rate



— Indian rupee versus US dollar, end of period

Source: Reserve Bank of India

Trade Balance



Source: Ministry of Commerce and Industry

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%.

Government contains fiscal deficit at 4% in 2014-15

The government managed to contain its fiscal deficit at 4% of GDP in 2014-15, even lower than the target of 4.1%. In the FY15, the government budget deficit stood at Rs. 5.02 trillion, which was 98% of the projected figure and lower than last year's deficit of Rs. 5.03 trillion. Government receipts totalled Rs. 11.43 trillion, higher than Rs. 10.57 trillion a year earlier. Out of this, net tax receipts were Rs. 9.02 trillion, above last year's Rs. 8.16 trillion. Total expenditure was Rs. 16.45 trillion compared with Rs. 15.59 trillion a year earlier. Revenue deficit was 2.8% of the GDP against the revised estimate of 2.9% of GDP, marking a sharp improvement over 3.2% for 2013-14.

The fiscal deficit in April, the first month of 2015-16, was Rs 1.27 trillion or 23% of estimated budget for the whole financial year. The fiscal deficit for the whole fiscal year has been pegged at Rs 5.55 trillion. The total expenditure of the government during April was Rs 1.54 trillion or 8.7% of the entire year estimates while total receipts were 270.9 billion. For 2015-16, the government aims to contain the fiscal deficit at 3.9% of the GDP,

above the 3.6% target inherited from the last government and target 3% a year later than planned earlier, unlocking funds for investments for infrastructure development and social welfare programmes.

Foreign exchange reserves fall from record high level

India's foreign exchange reserves fell by \$2.3 billion to \$351.6 billion in the week to May 29. According to the RBI's weekly statistical supplement, foreign currency assets, the biggest component of foreign exchange reserves, fell by \$2.3 billion to \$326.8 billion while the value of India's gold reserves remained stable at \$19.3 billion in the week ending May 29. The RBI has been building reserves and has bought roughly \$100 billion in forex reserves in the last 18 months to absorb any future global financial shock when the US eventually raises interest rates.

Foreign investors have been pouring money into the Indian economy amid expectations of an economic recovery, falling interest rates and improving earnings outlook. They have invested nearly \$776 billion in Indian capital markets so far in 2015 amid hopes of a turnaround in activity. However in May, investors pulled out nearly \$170 billion amid taxation worries.

The Indian rupee has lost 3.2% against the dollar since the start of the year and about 8% since May 2014. The reasons for sell-off include rising crude oil prices, fading confidence in Prime Minister Narendra Modi and the confusion over taxation. Though a weak rupee may benefit India, making its exports competitive, a falling rupee is likely to erode the returns on investments made by overseas investors.

Car sales accelerate in April

Car sales in India jumped by 18.1% on the year in April following growth of 2.6% in March. The acceleration in sales was due to favourable base effects as last year sales dipped by more than 10% in April. Note that on a monthly basis, the picture was less optimistic with sales contracting by 9.4% following growth in the previous three months.

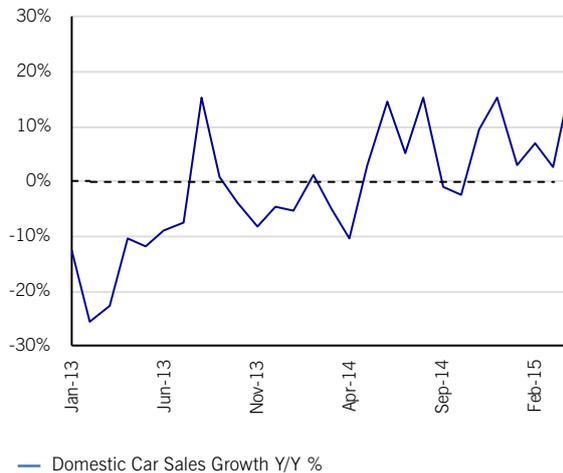
Sales of commercial vehicles grew by 6.5% on the year in April from 2.1% on the year in March, helped by base effects. On the month, sales were down by almost 30%, owing to a seasonal trend. The industry, though,

remained cautious due to a weakening in rural sales which saw a contraction of 0.2% in two wheeler sales on the year in April following a contraction of 0.8% in March. Within two-wheelers, sales of scooters grew by 5.4% on the year, the slowest growth in more than two years, while sales of motorcycles contracted for the seventh consecutive month by 2.8% on the year.

The two cuts in interest rates by the RBI might help the car industry recover but since financing rates are still high, we expect automobile demand to remain 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.

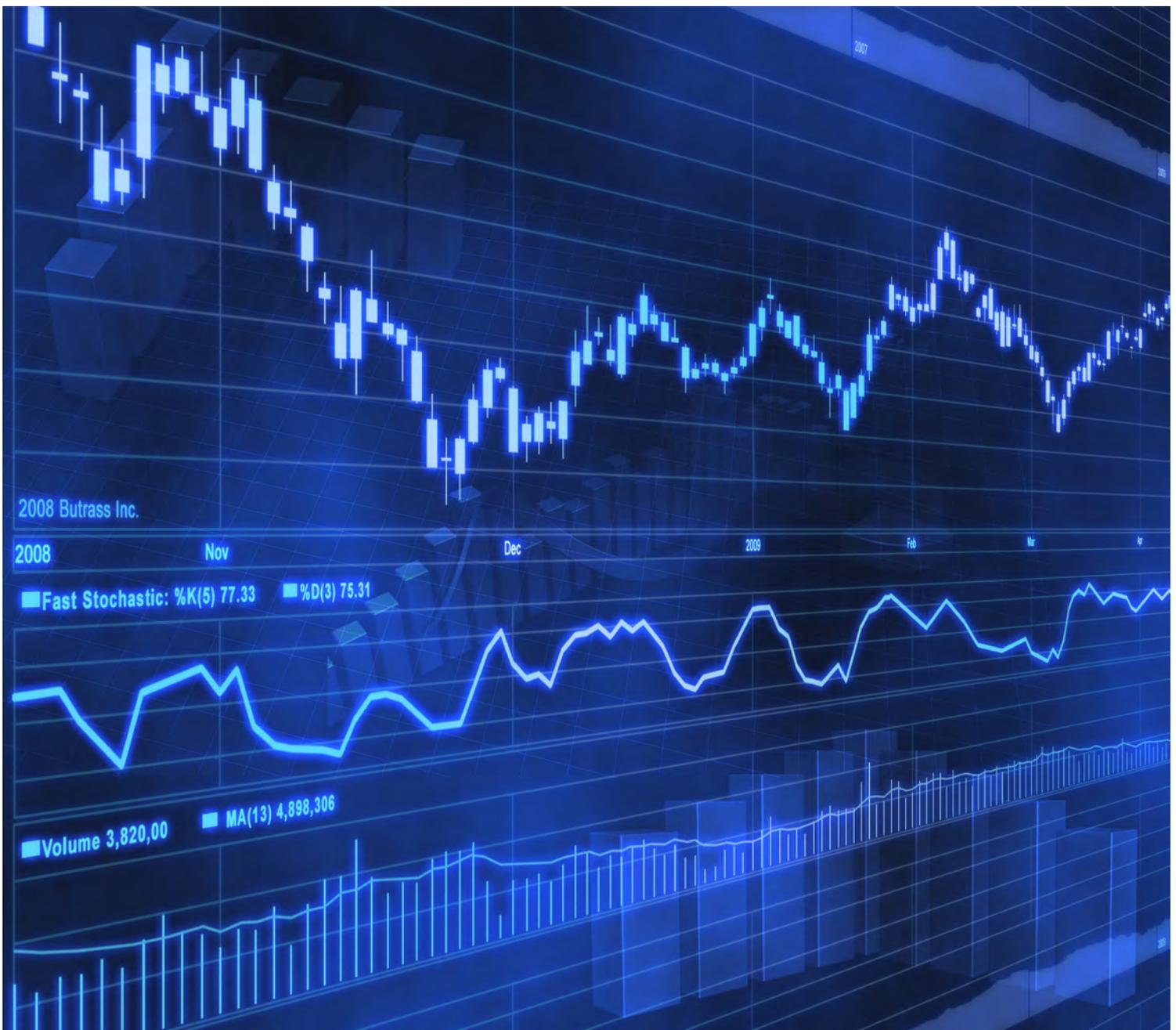
Car Sales



Source: Society of Indian Automobile Manufacturers

Key Monthly Economic Data

	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15
Consumer Price Index (Y/Y %)	3.3	4.3	5.2	5.4	5.3	4.9	-
Wholesale Price Index (Y/Y %)	-0.2	-0.5	-0.9	-2.2	-2.3	-2.7	-
Industrial Production (Y/Y %)	5.2	3.6	2.8	4.9	2.1	-	-
Car Sales (Y/Y %)	9.5	15.3	3.1	6.9	2.6	18.1	-
Trade Balance (Billion US \$)	-16.3	-9.2	-7.8	-6.4	-11.8	-11.0	-
Exports (Billion US \$)	26.4	26.0	24.3	21.8	24.0	22.1	-
Imports (Billion US \$)	42.7	35.2	32.2	28.2	35.7	33.0	-
MNI India Business Sentiment Indicator	68.9	68.4	64.2	66.2	63.0	63.9	62.3
MNI India Consumer Sentiment Indicator	120.9	119.6	120.4	121.2	118.5	122.1	119.6



Indicators

It's now one year since Prime Minister Narendra Modi was elected and over that period confidence has declined 2.1%, with respondents' hopes for economic conditions over the long-term dented significantly.

MNI India Consumer Indicator

Two-Month Low



The MNI India Consumer Sentiment Indicator fell by 2% to 119.6 in May from 122.1 in April as sentiment across all its components declined, led by a fall in Durable Buying Conditions.

It's now one year since Prime Minister Narendra Modi was elected and over that period confidence has declined 2.1%, with respondents' hopes for economic conditions over the long-term dented significantly and only the Durable Buying Conditions indicator managing to rise slightly. In contrast, the survey shows that optimism on current business conditions has increased by 8% over the same period, something which hasn't been reflected in the headline confidence measure. In spite of the rise in current business sentiment, consumers have revised down their expectations for the future over the past year.

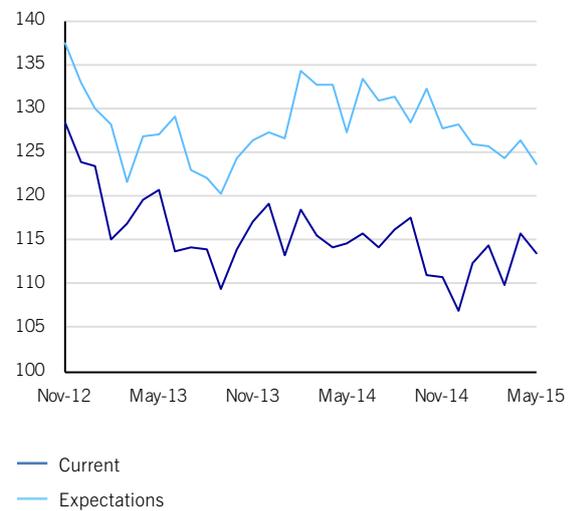
The impact of recent interest rate cuts does appear to have halted the trend decline in confidence. The MNI India CSI fell more than 5% between June and December last year but has remained broadly stable since. Individual interest rate cuts had provided a small monthly fillip to sentiment, although these gains have proved to be temporary so far. Banks have not passed on the full amount of rate cuts, which will also have dampened somewhat the immediate impact. HDFC, India's largest housing finance company, has cut their lending rates by just 15 basis points while ICICI, the second largest bank in India has reduced theirs by 25 basis points.

The continued subdued level of consumer confidence, combined with the weakness in our sister India

MNI India Consumer Indicator



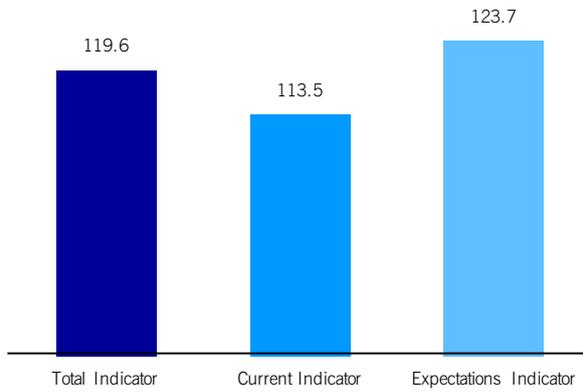
Consumer Indicators



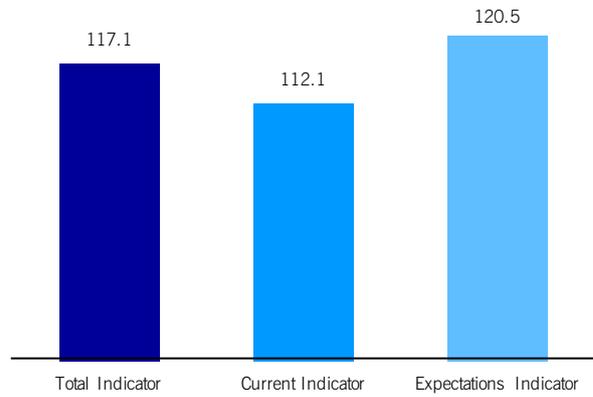
MNI India Consumer Indicator

	May-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15
MNI India Consumer Indicator	122.1	119.6	120.4	121.2	118.5	122.1	119.6
Current	114.6	106.9	112.2	114.3	109.9	115.7	113.5
Expectations	127.2	128.0	125.8	125.7	124.2	126.4	123.7

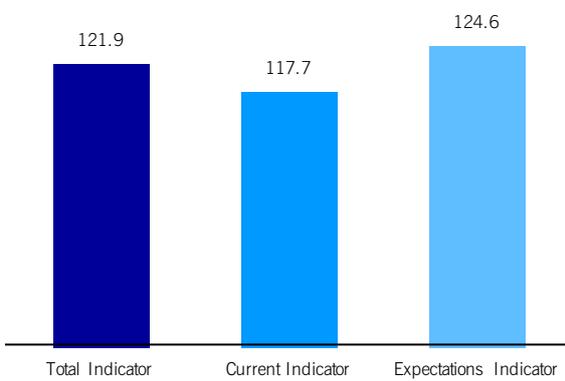
All India



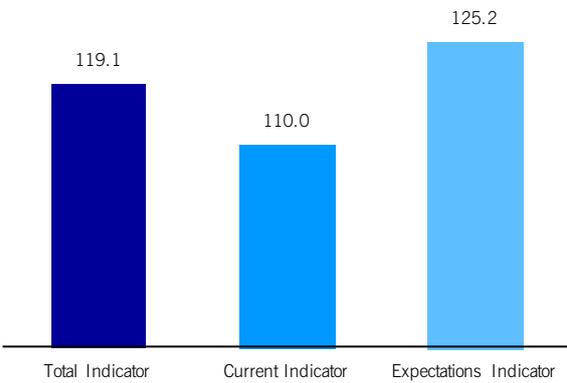
North India



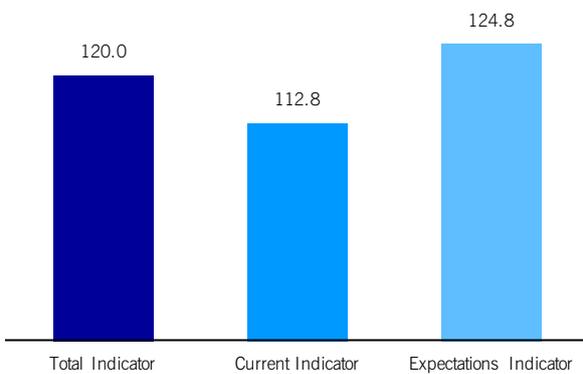
South India



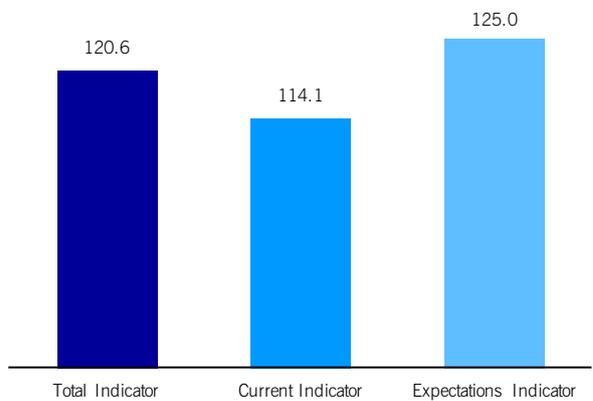
East India



West India



Central India





business survey, supports the case for a further cut in the benchmark interest rate at the RBI's upcoming monetary policy review on June 2.

The across the board decline in sentiment between April and May was driven by a 3.3% fall in Durable Buying Conditions, following a significant increase in the previous month. The two business conditions components which measure expected conditions in one and five years declined by a lesser magnitude, although the latter fell to the lowest since September 2013. Both Current and Expected Personal Finances measures held up better but were still down on the month with the latter declining to the lowest since September 2013.

The latest results continue to show that the period of very low inflation may be coming to an end, with inflation expectations up and satisfaction with current prices down for the third consecutive month. Still, the lagged impact of low inflation and also the recent rate cuts do seem to have had some impact. The Current Personal Finances Indicator is up nearly 4% since the recent trough in January. We have as yet seen little impact on other indicators in the report over the same period.

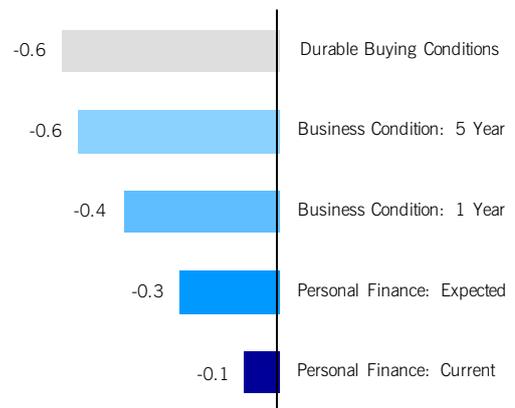
The Current Indicator, which measures consumers' assessment of their current conditions, fell to 113.5 in May from 115.7 in April. The Expectations Indicator also fell to 123.7 from 126.4 in the previous month, the lowest since September 2013.

Regions

The fall in consumer sentiment was led by North and West India.

In West India, the Consumer Indicator fell by 6.7% to 120.0 in May from 128.6 in the previous month, with all five components declining. Consumers were less confident about their current household finances and their expectations hit a record low. Respondents were

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



also less bullish about the business environment both in the short- and long-term.

In North India, consumer sentiment fell by 2.3% to 117.1 offsetting last month's rise to 119.9. Apart from Business Conditions in One Year, all other components of the Consumer Indicator declined. Respondents felt less confident in their expectations for long-term business conditions. Consumers were also less confident about their current household finances while their expectations about finances in the next 12 months continued to trend downwards.

Age

Consumer sentiment fell across all age groups apart from the oldest group in May.

The decline in overall confidence was driven by the youngest age group. The Consumer Indicator for the 18-34 year age range fell 5.3% to 120.1 from 126.8 in April. Consumers were least optimistic about purchasing big-ticket items, as evidenced by a 7% fall in the Durable Buying Conditions Indicator. Consumers were also wary about their household finances, more so about future personal finances which hit a series



low. Respondents also revised down their expectations about future business conditions.

Consumer sentiment among 35-54 year olds fell slightly to 119.8 from 121.0 in April. Respondents were less satisfied with their Current Personal Finances and their expectations for future finances fell to the lowest since the start of the survey in November 2012. Respondents also revised down their outlook for long-term business conditions.

Consumer Sentiment among the oldest age range, 55-64 year olds, experienced a small rise to 118.2 from 117.3 in April. The rise in the Consumer Indicator was led by Personal Finances, both current and expected. In spite of this, consumers were less confident about purchasing big-ticket items with the Durable Buying Conditions Indicator falling by 5.8% on the month to the lowest since December 2014. Respondents were also less bullish in their expectations for future business conditions.

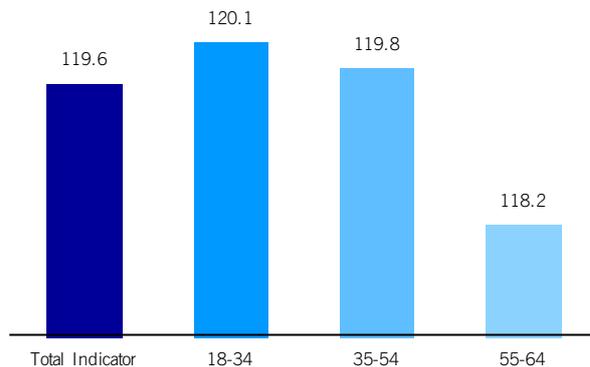
Income

Both high and low income households were less confident in May.

The Consumer Indicator for households with an average annual income under Rs. 432,000 fell to 114.5 from 118.4 in April, the lowest in the history of the survey. Respondents were more dissatisfied with their current conditions than their future expectations. Respondents were wary of their future personal finances which also impacted their willingness to purchase large household items. Meanwhile, respondents were slightly more optimistic in their expectations about future Business Conditions.

For households with an average annual income over Rs. 432,000, the Consumer Indicator fell to 129.7 from 133.9 in April. All components of the Consumer Indicator fell in May, with Expectations for Business Conditions in Five Years leading the decline. Consumers' perception of their personal finances

Consumer Indicator: Age Groups



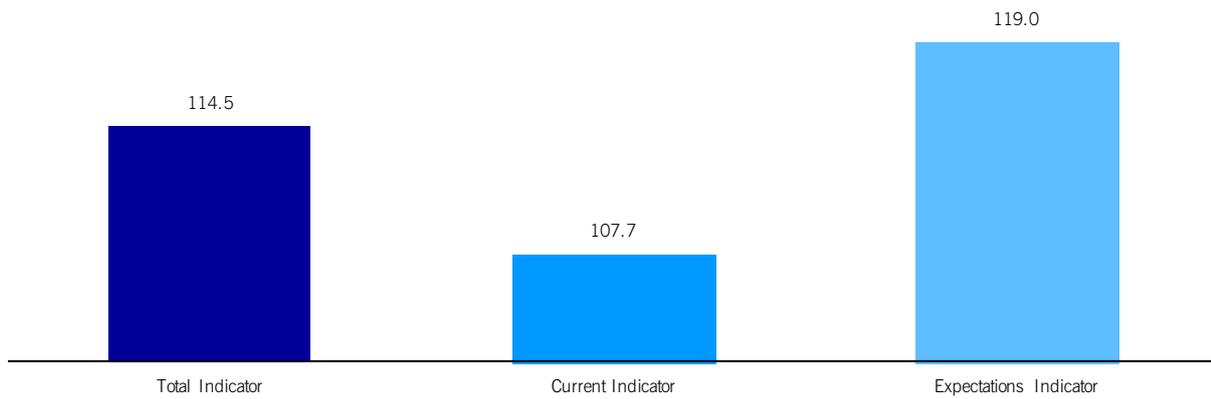
weakened which also impacted their purchase sentiment for large household items.

The gap in confidence between high and low income households has risen significantly over the past year. Consumer sentiment has fallen more rapidly among those in the low-income group, with the indicator down 7% on the year while, confidence among higher income households was down by just 0.7% on the year.

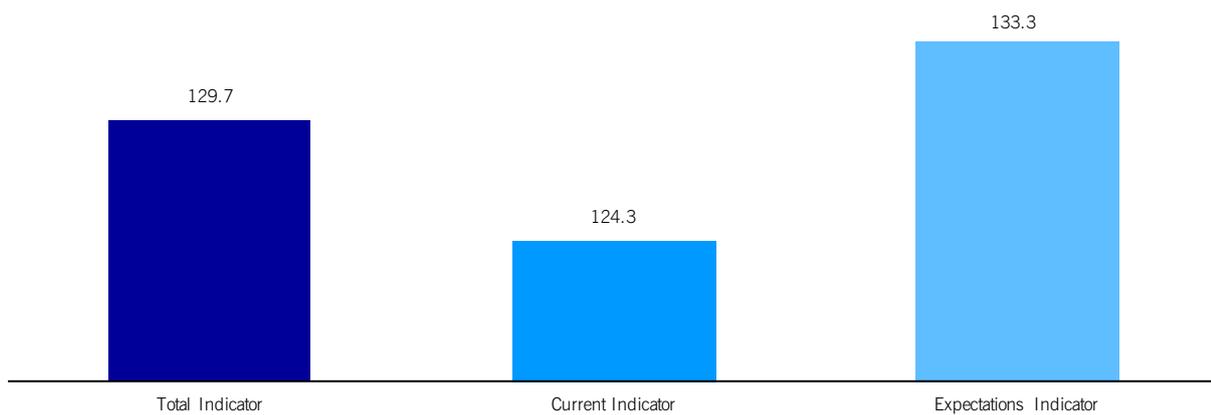
MNI India Consumer Indicator Income Groups



< Rs. 432,000 per annum



> Rs. 432,000 per annum



MNI India Consumer Indicator

Main Cities



Sentiment fell in five of the 10 major Indian cities surveyed in May.

In Mumbai, India's most populous city, consumer sentiment fell sharply to 116.1, the lowest since September 2013 and more than offsetting last month's rise to 132.6. Residents of the city were the least optimistic about Expected Personal Finances, which fell by a large 17.1% to hit a record low. Respondents also revised down their expectations about future business conditions as both short-and long-term Business Conditions fell by double digits in May. Fewer respondents also thought it was a good time to purchase a big-ticket item.

In the capital, Delhi, consumer sentiment fell for the third consecutive month to 114.3 from 118.3 in April. Consumers were least optimistic about purchasing large household items, with the Durable Buying Conditions Indicator falling by 10.7 points on the month. They were also much less positive in their expectations for business conditions in the long-term compared with those for the short-term. Respondents' satisfaction with household finances improved slightly, but on an average has remained stable since the start of the year.

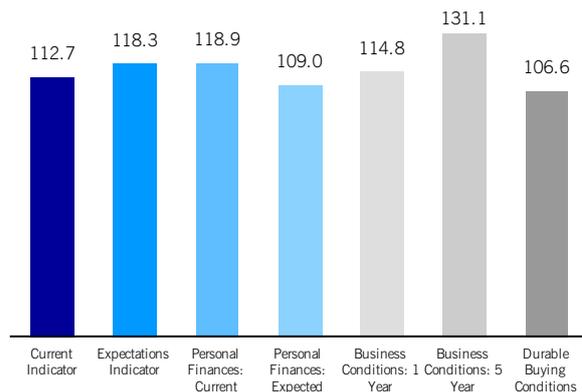
Consumer confidence in Bengaluru, the third largest city by population in India, fell to 119.8 in May from 123.8 in the previous month. Consumer sentiment towards current conditions remained intact with the decline in overall confidence led by weaker future expectations. Respondents' expectations about their personal finances in the next 12 months fell sharply, offsetting most of last month's gain. Expectations for both short-and long-term business conditions eased slightly in May.

In contrast, residents of Kolkata were more confident this month, with the Consumer Indicator rising by 12.8% to a one-year high of 123.0. All five components of the Consumer Indicator rose. Consumers revised up their expectations for both short- and long-term

Consumer Indicator - Mumbai



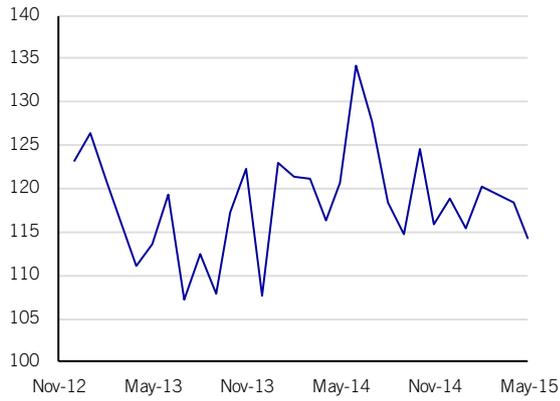
Consumer Indicator Components - Mumbai



business conditions with the indicators rising by double digits. Consumers also became more confident about their household expenses and hence thought it was a better time to purchase big-ticket items.



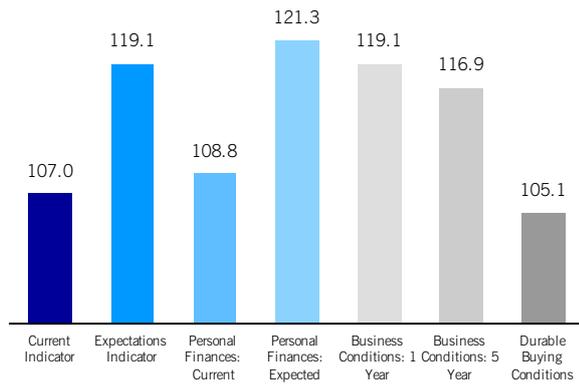
Consumer Indicator - Delhi



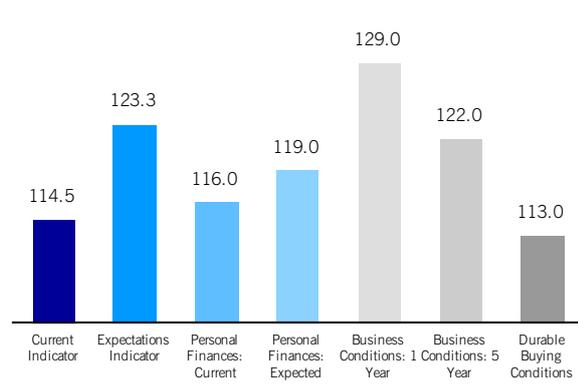
Consumer Indicator - Bengaluru



Consumer Indicator Components - Delhi



Consumer Indicator Components - Bengaluru



Personal Finances

Expected Finances Lowest Since September 2013



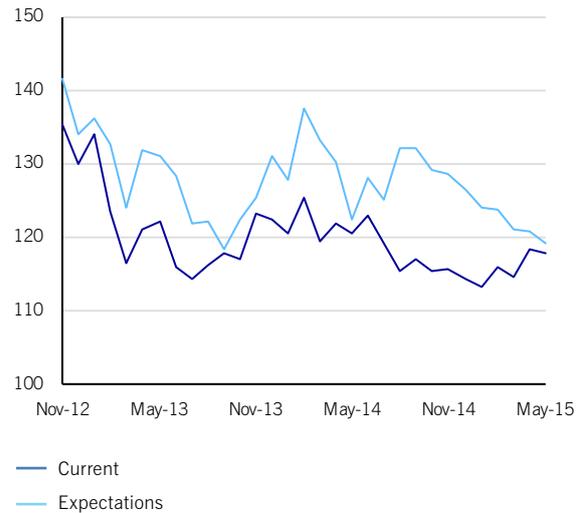
Consumers were less satisfied with their current household finances while their expectations for the future also fell in May.

The Current Personal Finances Indicator, which measures whether a household is better or worse off financially than a year ago, stood at 117.7 compared with 118.3 in April. Optimism on finances eroded during the second half of 2014, with the Current Personal Finances Indicator hitting a record low in January. However, since then, finances have started to trend slightly upwards helped by the recent cuts in interest rates and generally low level of inflation.

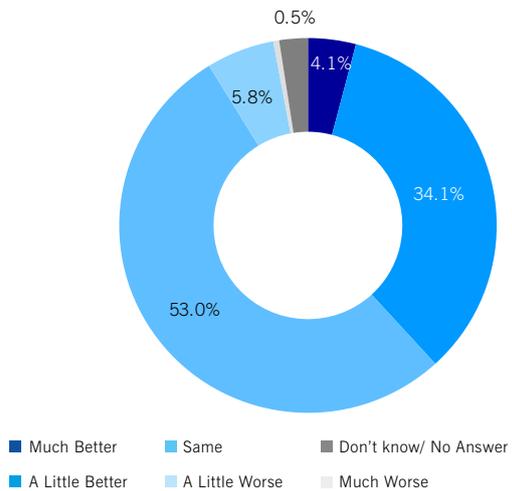
Of those who reported that their finances had worsened, the majority of respondents cited higher family expenses as the main reason.

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 constantly falling after hitting a series high in September 2014. Expectations for Future Personal Finances declined to 119.1 in May from 120.8 in April, the lowest since September 2013.

Personal Finances



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



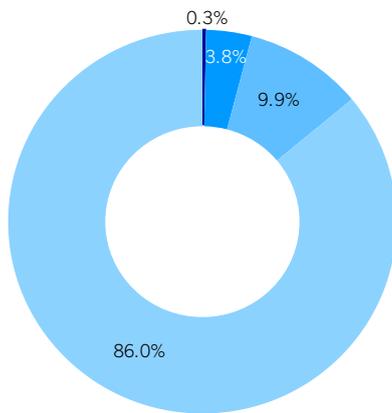
Personal Finances

	May-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15
Current	120.6	114.4	113.3	116.1	114.5	118.3	117.7
Expectations	122.5	126.3	124.2	123.7	121.1	120.8	119.1

How Households Spend their Money

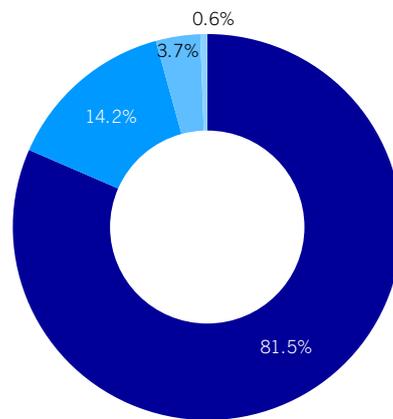


Monthly Household Income Used for Daily Expenses (% of Households)



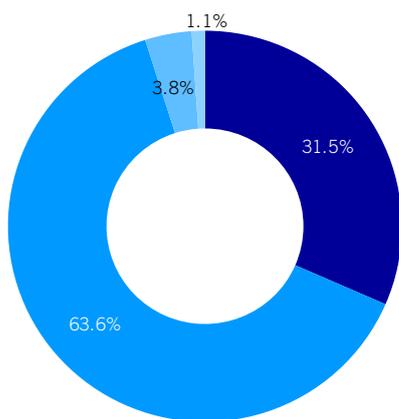
- 0% - 29% of Income
- 30% - 49% of Income
- 50% - 69% of Income
- 70% - 100% of Income

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



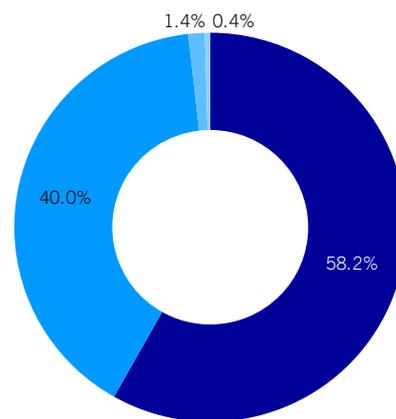
- 0% of Income
- 1% - 29% of Income
- 30% - 49% of Income
- 50% - 100% of Income

Monthly Household Income Used for Savings (% of Households)



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

Monthly Household Income Used for Investments (% of Households)



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

The Current Business Conditions Indicator fell to the lowest in two months.

Even so, consumers' assessment of current business conditions was up by 8% on the year.

Business Conditions

Less Confident about Business Conditions



Consumers revised down their outlook for the business environment as well as perception of the current business situation.

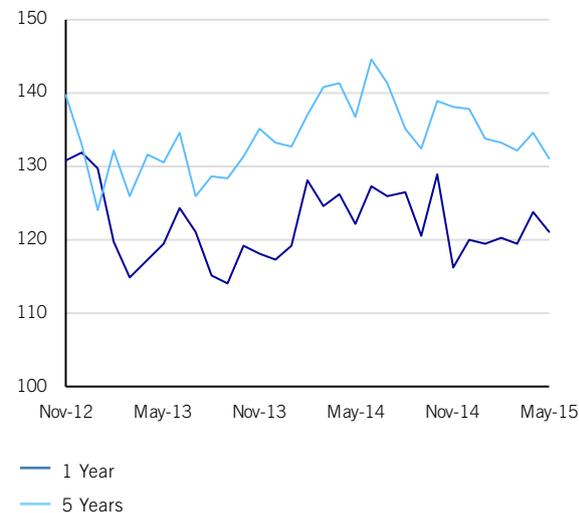
The Current Business Conditions Indicator fell to 113.0 in May from 114.4 in April, the lowest in two months. Even then, consumers' assessment of current business conditions was up by 8% on the year, making it one of the few parameters in the survey Indian households have been positive about since the past year.

This was in contrast with expectations for future business conditions which have gradually eased since last year. Expectations for Business Conditions in One Year fell by 2.2% to 121.1 in May from 123.8 in April, about 2% below the average of 2014. While the majority of respondents were still optimistic about business conditions in the coming year, the acute level of enthusiasm associated with policies of the Modi government has subsided and respondents attributed improvement in the business environment to economic development.

Current Business Conditions Indicator



Expected Business Conditions: 1 Year and 5 Years



Business Conditions

	May-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15
Current	104.7	116.6	112.4	117.2	110.3	114.4	113.0
In 1 Year	122.3	119.9	119.6	120.1	119.5	123.8	121.1
In 5 Years	136.8	137.9	133.6	133.3	132.1	134.5	131.0

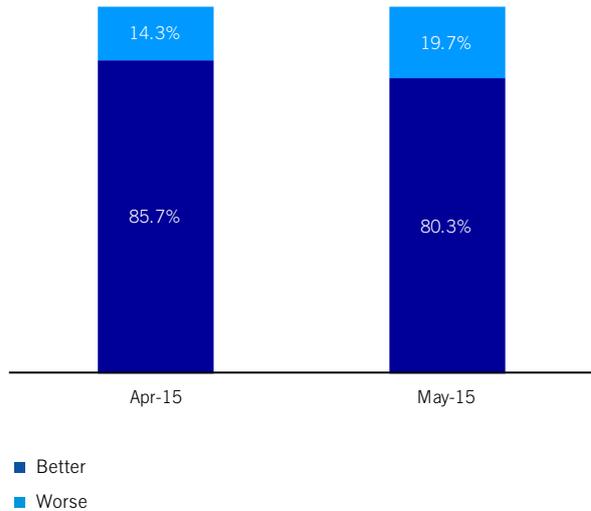
Business Conditions in 1 Year

Selected Reasons

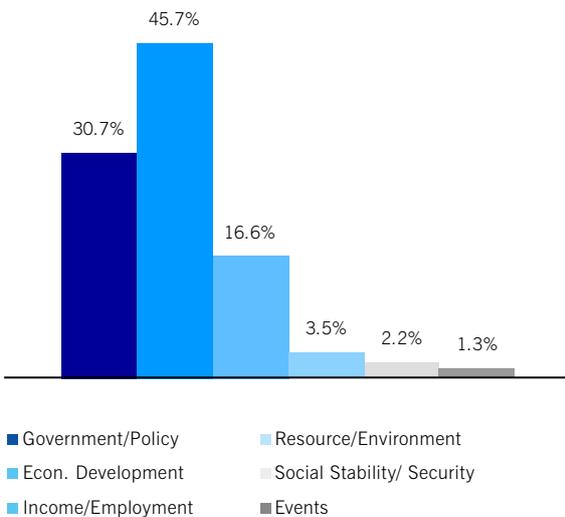


Respondents' long-term business expectations have trended downwards since hitting a record high in June last year. In May, the Business Conditions in Five Years Indicator fell for the second consecutive month to 131.0 from 134.5 in April. Sentiment fell in eight of the 10 major cities surveyed, with confidence in long-term business conditions lowest among residents of Delhi.

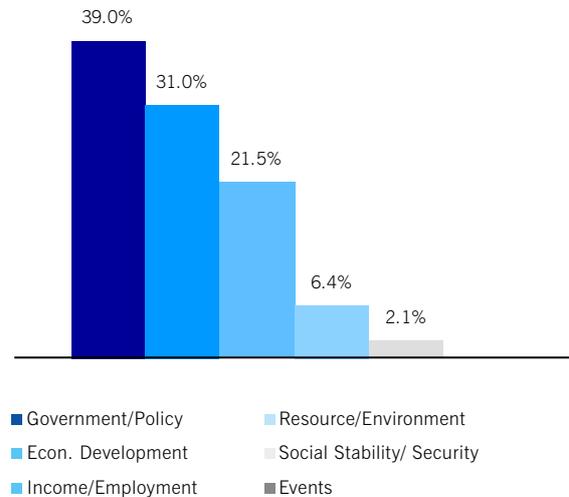
All India



All India, Reasons for Better



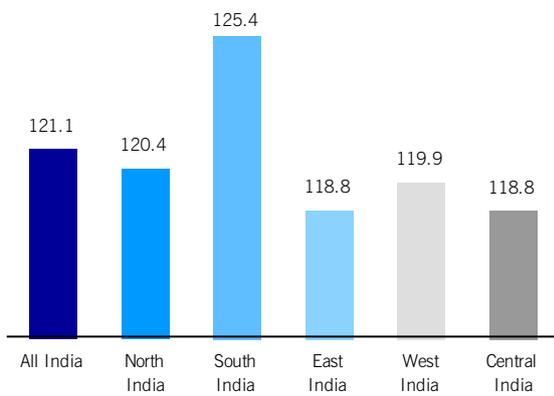
All India, Reasons for Worse



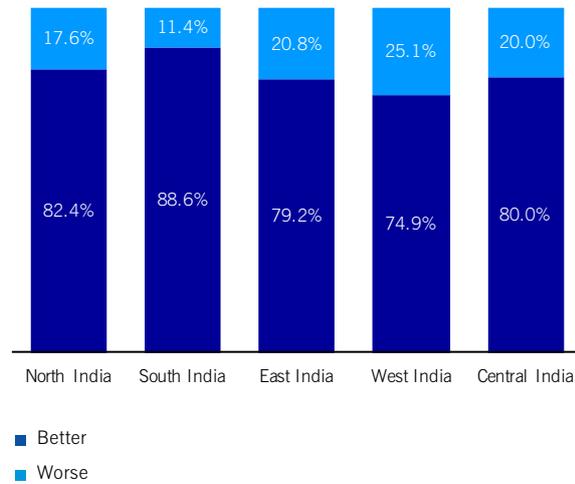
Business Conditions in 1 Year Regions



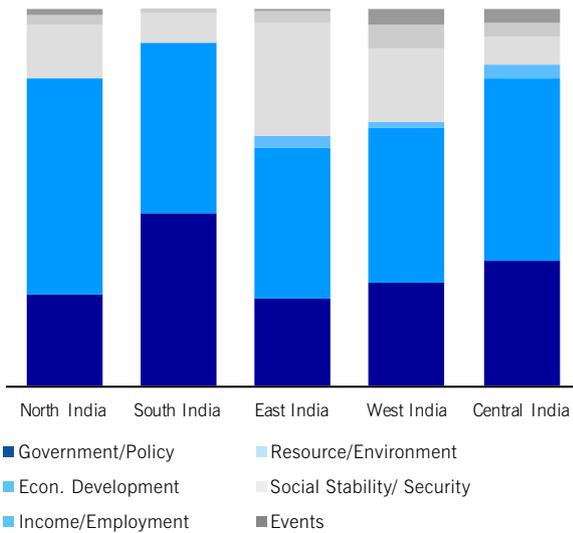
Business Expectations



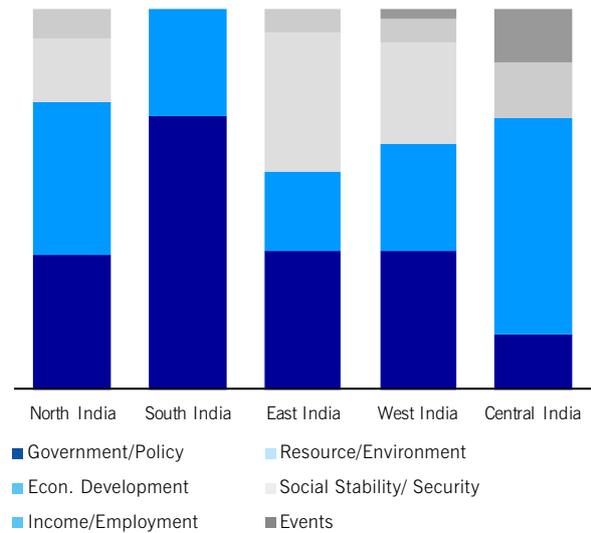
Business Expectations: Better or Worse? (% of Respondents)



Reasons for Better (% of Respondents)



Reasons for Worse (% of Respondents)



Durable Buying Conditions

Two-Month Low

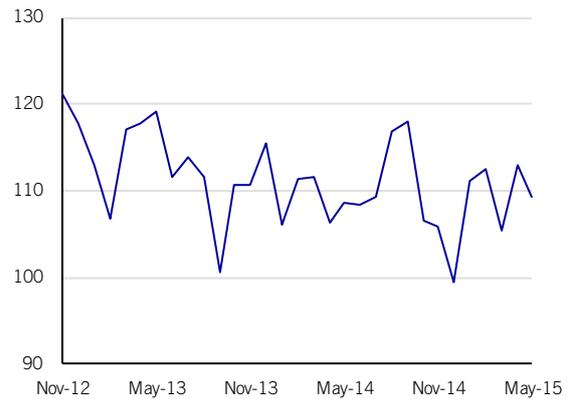


The proportion of consumers planning to purchase a big ticket item fell in May as the majority were indifferent and thought it was neither a good nor a bad time.

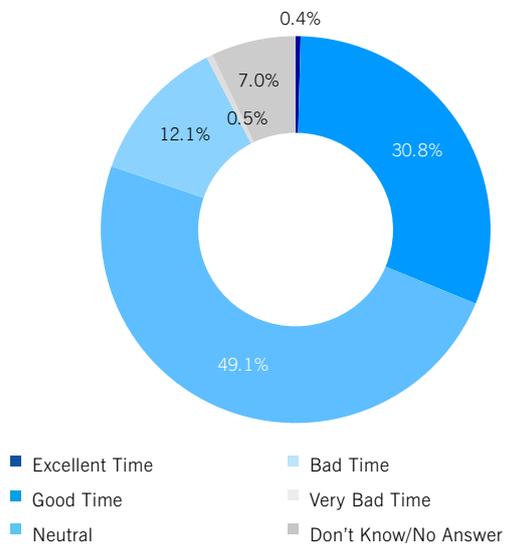
The Durable Buying Conditions Indicator fell to 109.2 in May from 113.0 in April. The indicator measures consumers' willingness to purchase a large household good and provides a guide to overall consumer spending. The indicator has risen twice this year, both following the cuts in the benchmark interest rate by the central bank and we expect sentiment to be boosted should there be another round of monetary easing.

With consumer sentiment down on the year, among all the components of the Consumer Indicator, it was only the Durable Buying Conditions Indicator which had not fallen since the last year. The indicator was above the outturn of 108.6 seen in May 2014 and last year's average of 109.0 even though the measure of households' finances, the Current Personal Finances Indicator was down on the year, although it has started to gradually rise.

Durable Buying Conditions



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



Durable Buying Conditions

	May-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15
Durable Buying Conditions	108.6	99.4	111.2	112.6	105.4	113.0	109.2

Employment Outlook Highest Since February

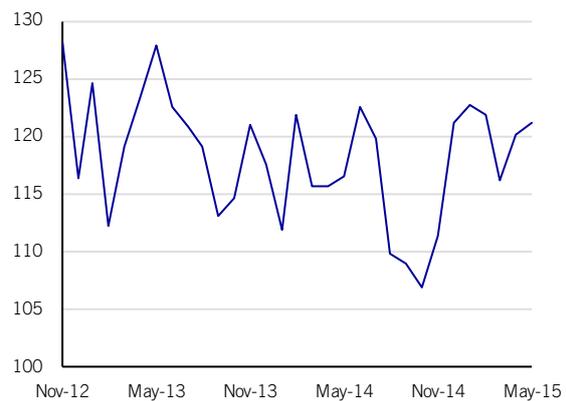


In contrast to declines in other areas, the Employment Outlook Indicator rose slightly for the second consecutive month to 121.1 from 120.1 in April, leaving it above the 116.5 posted in the same month a year earlier. More than 50% of respondents expected the job market to improve over the next 12 months.

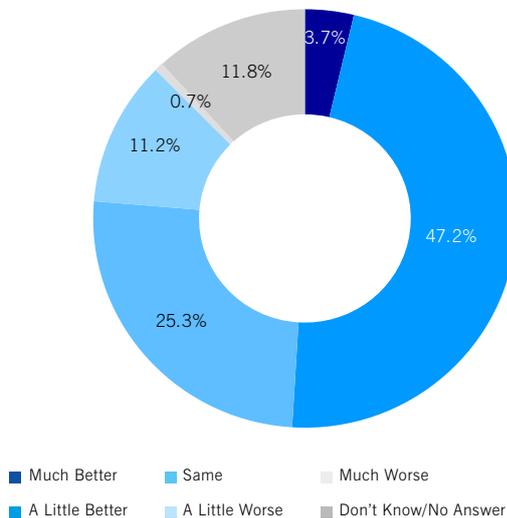
Consumer expectations for the job market have improved sharply since the downturn during the second half of last year. In the quarter ending March, sentiment averaged 120.3 and was 6.3% above the previous quarter, the highest since the quarter ending June 2013. In the first two months of the quarter ending June, outlook for employment has maintained a steady path, with the majority more confident about the employment situation. Our sister business survey of India's largest companies showed that the Employment Indicator, a measure of whether companies have an adequate number of employees, remained above the 50 breakeven mark in May, while companies also remained optimistic in their short-term expectations.

A rise in the employment outlook was led by South India where the indicator rose by double digits to a three-month high. In contrast, in West India, where the Employment Outlook Indicator was the highest in comparison with other regions, there was a significant fall in May.

Employment Outlook Indicator



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



Employment Outlook

	May-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15
Employment Outlook	116.5	121.1	122.7	121.8	116.3	120.1	121.1

Dissatisfaction with prices has grown among consumers which has resulted in higher inflationary expectations.

In May, the indicator measuring satisfaction with the current level of prices declined for the third consecutive month to 86.7 from 92.6 in April.

Prices Sentiment

Dissatisfaction Rises



Sentiment towards prices worsened in May as a growing proportion of consumers thought current prices and inflation expectations for the coming 12 months were higher.

Low inflation helped the Current Prices Satisfaction Indicator to rise above the 100 mark in February but it has subsequently fallen. In May, the indicator measuring satisfaction with the current level of prices declined for the third consecutive month to 86.7 from 92.6 in April. 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 to a four-month low of 4.9% in April from 5.3% in March. Food price inflation fell to 5.1% on the year compared with 6.1% in the previous month despite the crop damage caused by excess rainfall over large parts of the country, while core inflation picked up slightly to 4.3% in April after remaining stable at an average of 4.2% in the January to March period.

Expectations for inflation in 12 months' time rose to 138.7 from 134.2 in the previous month. This was the second consecutive rise in expectations placing the indicator at the highest level in a year. Respondents were split in expectations about how much prices will go up in the next 12 months. About 14% consumers thought prices will rise by 11%-24% and almost an equal proportion expected prices to go up by 6%-9%.

Satisfaction with Current Prices Indicator



Inflation Expectations Indicator



Prices Sentiment

	May-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15
Satisfaction with Current Prices	63.0	97.1	96.4	100.4	95.4	92.6	86.7
Inflation Expectations	146.4	123.2	126.8	119.6	132.8	134.2	138.7

Prices Sentiment Regions



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

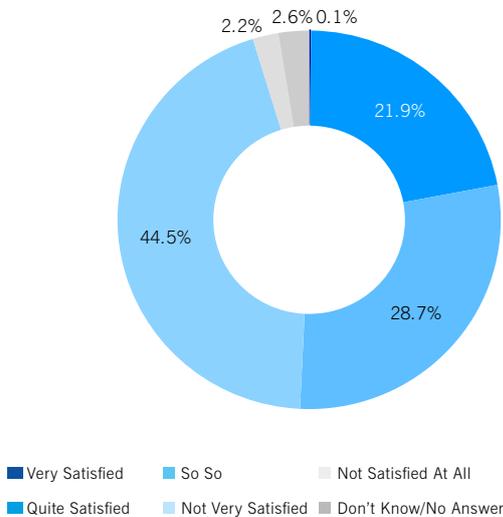
Regions

Satisfaction with Current Prices fell across all regions of India, with the largest decline in East India.

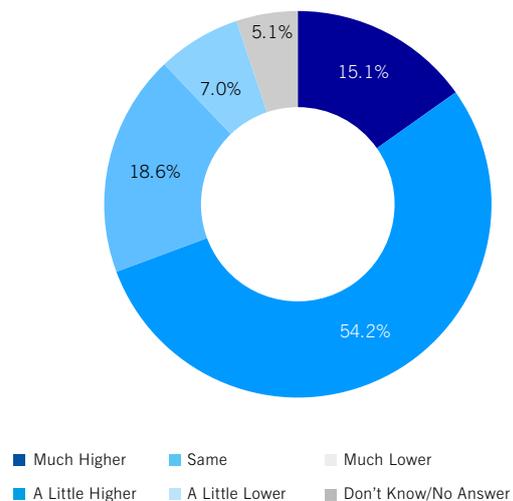
In East India, consumers were less satisfied with prices as evidenced by the 12.7% fall in the indicator to 82.7, the second consecutive month below 100.. Correspondingly, more respondents thought that prices would rise in the next 12 months with the Inflation Expectations Indicator increasing 9% to the highest in over a year's time. Of those who thought rises would rise, a fifth of respondents expected them to increase by 10%.

In North India, consumers revised down their perception of prices as the Current Prices Satisfaction Indicator fell by 8.4%. More respondents raised their inflation expectations, pushing the Inflation Expectations Indicator to the highest since July 2014.

Satisfaction with Current Prices
(% of Households)

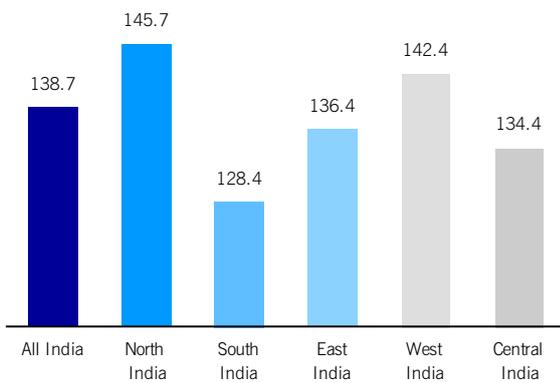


Inflation Expectations in 12 Months
(% of Households)

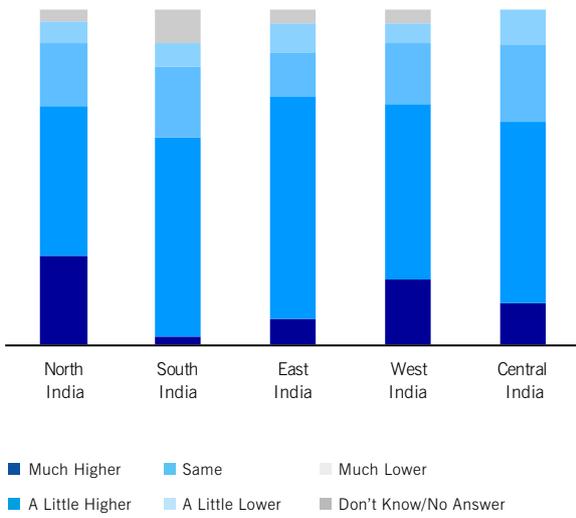




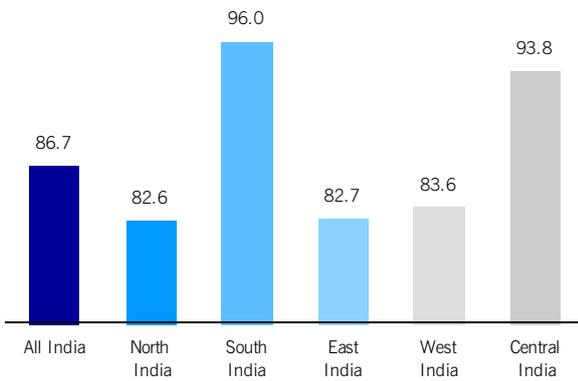
Inflation Expectations Indicator



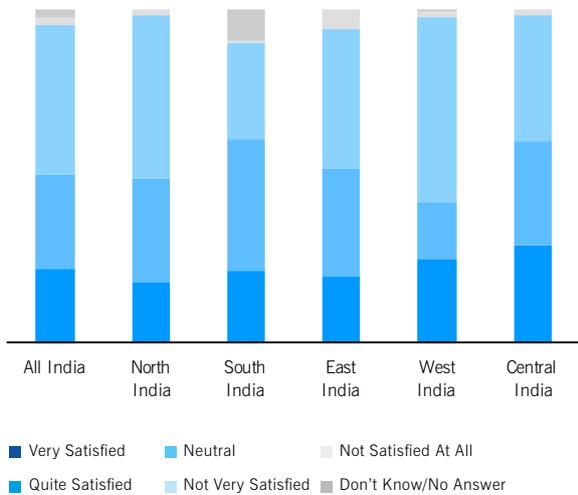
Inflation Expectations in 12 Months (% of Households)



Satisfaction with Current Prices Indicator



Satisfaction with Current Prices (% of Households)



Interest Rate Expectations Highest Since June 2014

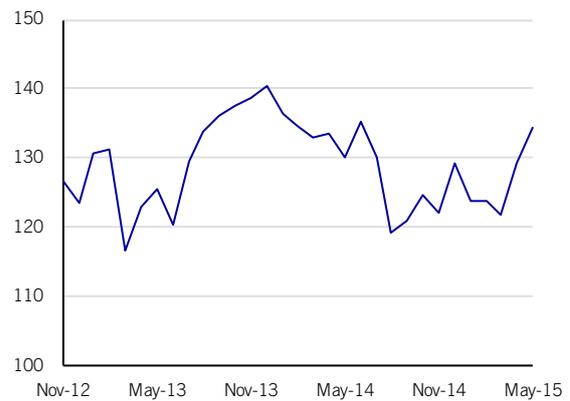


With the Reserve Bank of India having already cut interest rates twice this year, fewer consumers expected interest rates to fall over the next 12 months.

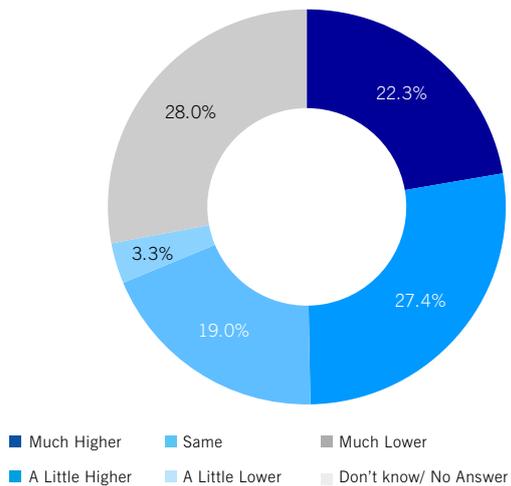
The Interest Rates Expectations Indicator rose to 134.3 from 129.2 in April, slightly above the series average of 128.9.

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. Even then, with inflation coming in lower than expected combined with the weakness in both our business and consumer surveys supports the case for further monetary easing at the RBI's upcoming monetary policy review on June 2.

Interest Rate Expectations Indicator



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



Interest Rate Expectations

	May-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15
Interest Rate Expectations	130.1	129.4	123.9	124.0	121.9	129.2	134.3

With the benchmark BSE Sensex up by more than 12% since a year ago...

...the Stock Investment Return component was also
higher by almost 11% since May 2014.

Stock Investment Indicator Lowest Since February



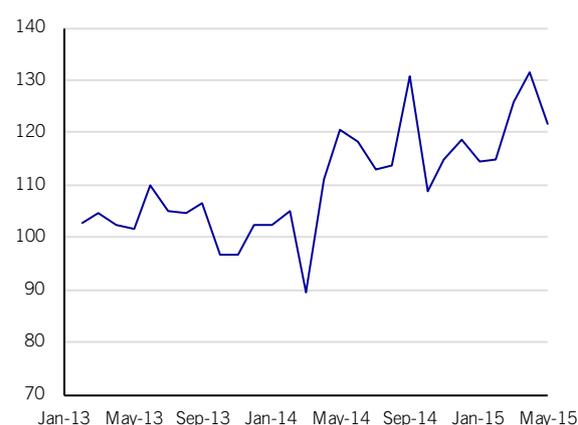
Sentiment surrounding the stock market fell sharply after hitting a record high in April. The Stock Investment Indicator, a gauge of whether it is a good or bad time to invest in the stock market declined to 121.5 in May from 131.3 in the previous month.

Stock Price Sentiment, which measures whether equity prices are high or low, picked-up to 112.6 from 104.4 in April. With Indian stock markets losing momentum in May following a rally in the previous months, a growing proportion of respondents were not sure whether stock prices were priced correctly.

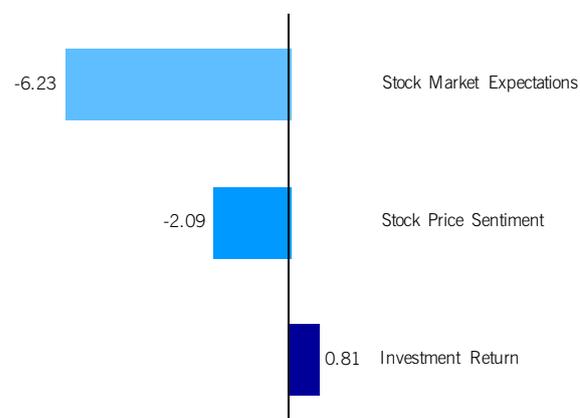
The Stock Investment Return component, a measure of the amount of profit or loss in investments over the past year, rose to 154.2 from 151.0 in the previous month. With the benchmark BSE Sensex up by more than 12% since a year ago, the Stock Investment Return component was also higher by almost 11% since May 2014.

The Stock Market Expectations component, which shows whether consumers think stock prices will rise or fall in the next three months, fell sharply to a nine-month low of 122.9 from 147.4 in April, as the number of respondents who were previously bullish about the stock market almost halved while the majority expected it to remain stable in the next three months.

Stock Investment Indicator



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



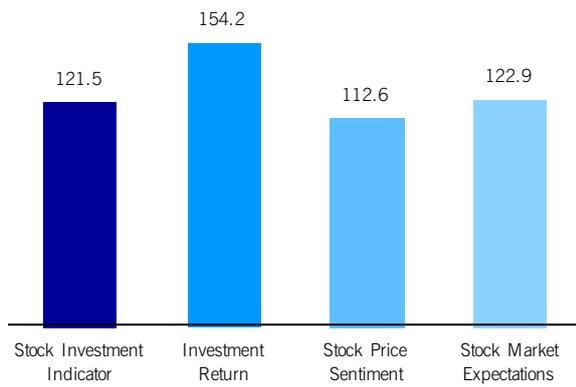
Investment Sentiment

	May-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15
Investment Sentiment Indicator	120.6	118.5	114.5	114.7	126.0	131.3	121.5
Investment Return	139.1	158.2	140.4	128.9	152.5	151.0	154.2
Stock Price Sentiment	112.8	145.5	145.9	121.9	129.0	104.4	112.6
Stock Market Expectations	135.5	142.8	148.9	137.1	154.4	147.4	122.9

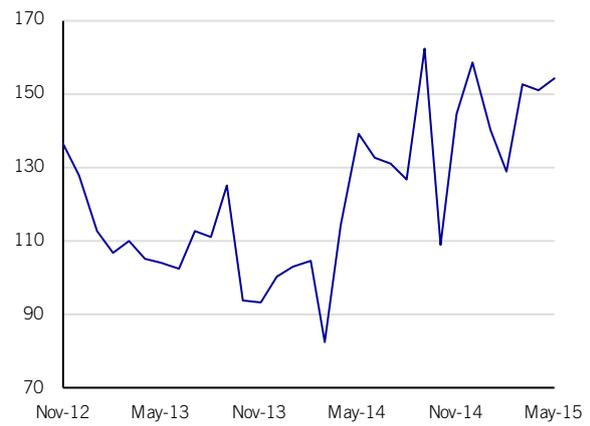
Stock Investment Indicator Components



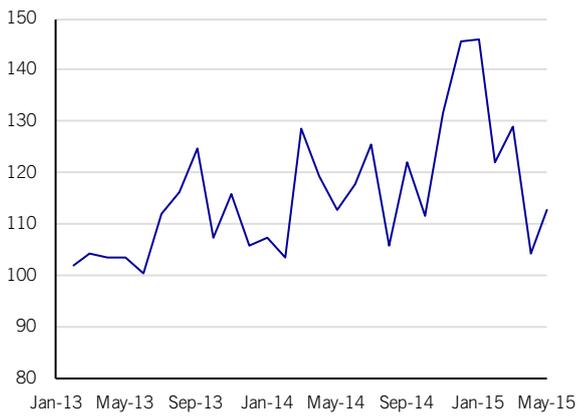
Stock Investment Indicator - Components



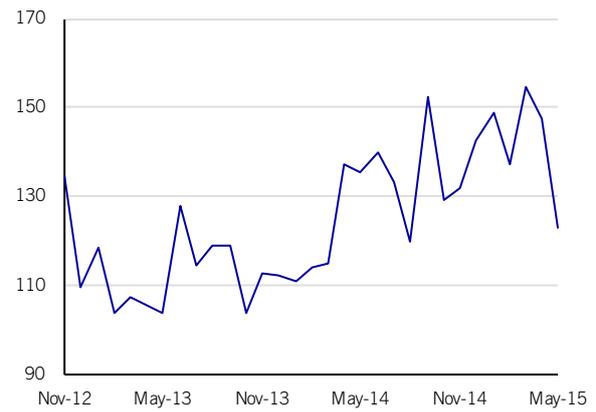
Investment Return



Stock Price Sentiment



Stock Market Expectations



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.

Real Estate Investment Indicator Highest Since March 2014



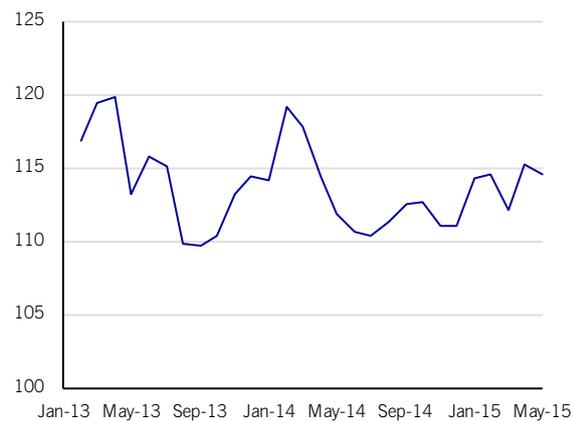
The Real Estate Investment Indicator, which is made up of three components (House Price Expectations, House Buying Sentiment and House Selling Sentiment), stood at 114.6 in May after rising to a 13-month high of 115.3 in April. Even after a slight decline, it was 2.4% above the outturn of 111.9 in May 2014 and also above last year's mean of 113.0.

The Real Estate Investment Indicator is one of the few indicators in the survey which has shown a slight uptick over the last year, led by rising house price expectations. In contrast house buying sentiment has declined sharply with respondents seeing it as a bad time to purchase a house.

Heightened expectations for a revival in the economy after the BJP (Bharatiya Janta Party) led by Prime Minister Narendra Modi came to power have boosted consumers' expectations about house prices. 80% of respondents expected house prices to rise in the next six months in May causing the House Price Expectations component to rise to a record high of 156.6 from 152.9 in the previous month.

House Buying Sentiment, a measure of whether it is a good or bad time to buy a home in the next six months, fell to a new record low of 88.4 from 88.9 in the previous month with the majority attributing lower willingness to high house prices. Since the start of the survey, consumer confidence surrounding house purchases has fallen significantly, mainly due to high interest rates which have made mortgages costly. While the Reserve Bank of India has cut official interest rates twice this year, it has not yet managed to boost housing sentiment by inclining households to

Real Estate Investment Indicator



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



Real Estate Investment Sentiment

	May-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15
Real Estate Investment Sentiment	111.9	111.0	114.2	114.5	112.1	115.3	114.6
Price Expectations	139.8	154.2	153.6	151.8	149.9	152.9	156.6
House Buying	103.2	89.3	94.6	96.6	91.5	88.9	88.4
House Selling	107.3	110.7	105.5	104.9	105.0	96.0	101.4

Real Estate Investment Indicator Components and Balances



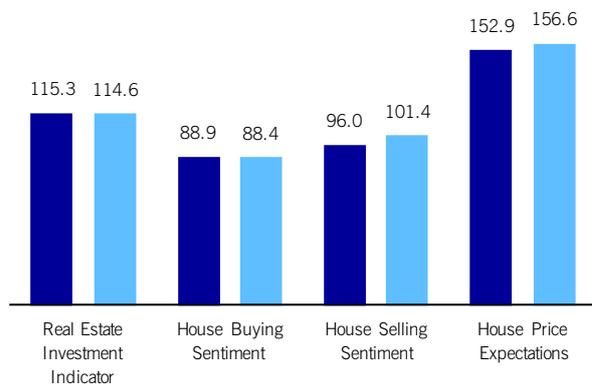
perceive it as a good time to buy a house in the coming six months. This is likely because commercial banks have been slow in passing the full benefits of lower interest rates by reducing their lending rates to boost their profitability. We expect the RBI to cut the benchmark interest rate further at its next monetary policy meeting on June 2 which should encourage banks to finally cut lending rates and help underpin housing sentiment in 2015.

House Selling Sentiment, a measure of whether it is a good or bad time to sell a house in the next six months, rose to 101.4 in May after falling into contraction for the first time since March 2014 to 96.0 in the previous month.

Regions

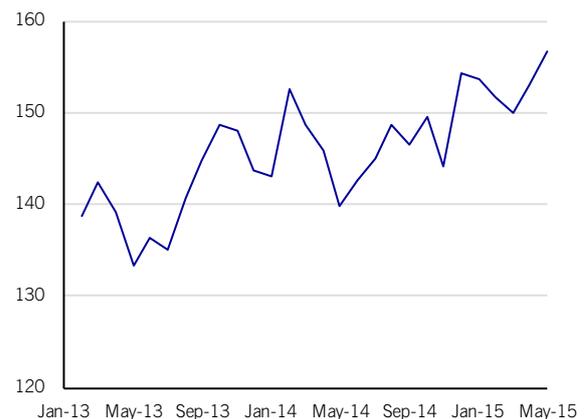
Sentiment surrounding the real estate market rose in Central India for the second month in a row to place the indicator at the highest level since October 2014. The rise was led by more respondents believing it's a good time to purchase a house, although they were in a minority. Respondents also expected house prices to rise, pushing the House Price Expectations component to a five-month high. In contrast, in North India, the Real Estate Investment Indicator fell by 3.2% to 117.5 as fewer respondents expected house prices to rise in the coming six months and also fewer considered it a good time to buy a house.

Real Estate Investment Indicator - Components



■ April 2015
■ May 2015

Real Estate Prices: Expected Changes in Next 6 Months

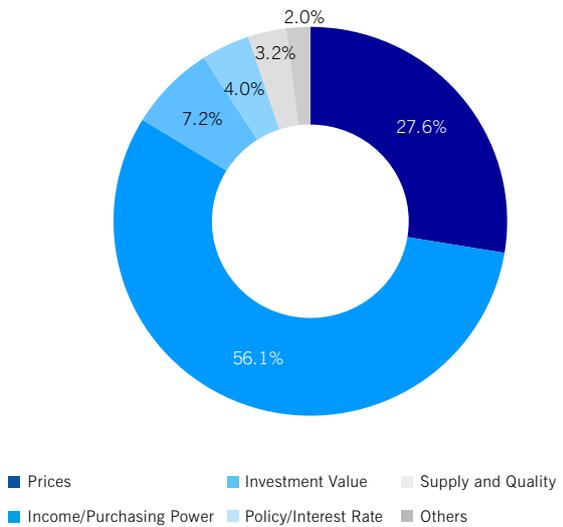




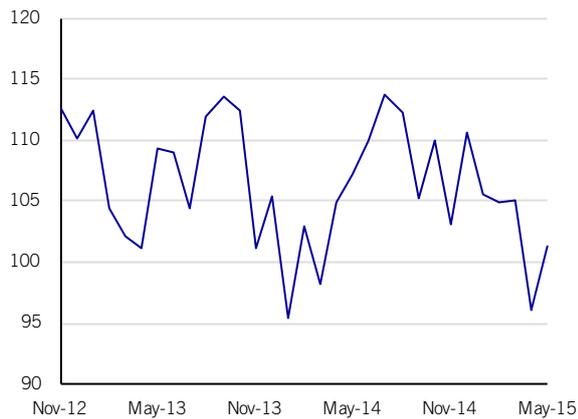
House Buying Sentiment



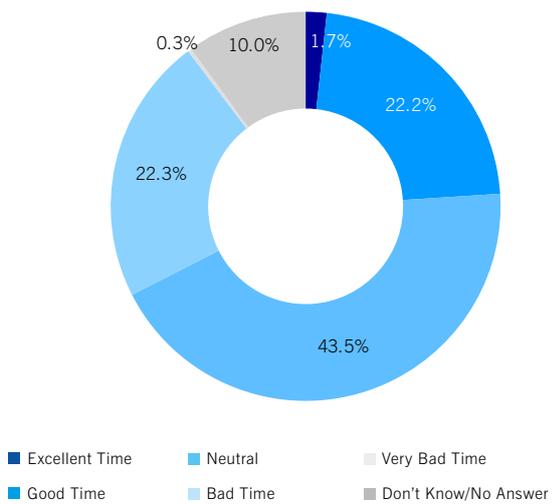
Reasons for Buying Houses (% of Households)



House Selling Sentiment

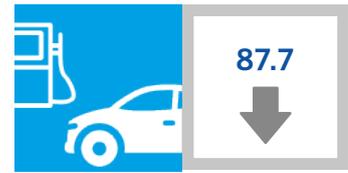


Timing for Selling Houses (% of Households)



Car Purchase Indicator

Lowest Since October 2014



The Car Purchase Indicator fell by almost 9% to 87.7 in May from 96.3 in the previous month as more respondents anticipated gasoline prices to pick-up which outweighed their willingness to purchase a car in the next 12 months.

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 rose sharply to a record high in February, though mostly due to lower expectations for gasoline prices. However, since then, the indicator has trended down starkly as optimism for purchase has remained more-or-less stable but gasoline price expectations have increased considerably.

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, eased slightly to 102.1 from 103.8 in April. Apart from a sharp fall in the last three months of 2014, the Car Purchase Expectations component has been broadly flat.

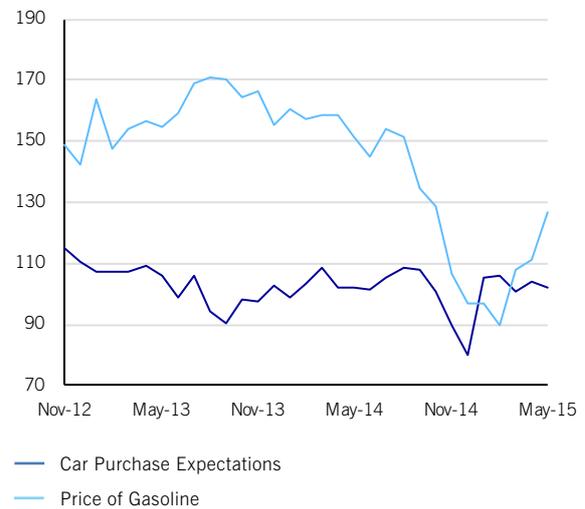
Of those who felt it was a good time to purchase a car, the majority reported that it was because of high purchasing power. There was also a sharp jump in those who cited lower prices of cars, although this proportion was in a minority.

Official car sales in India rose by 18.1% on the year in April following a rise of 2.6% on the year in March.

Car Purchase Indicator



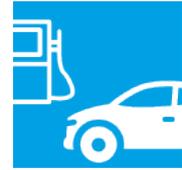
Car Purchase Indicator - Components



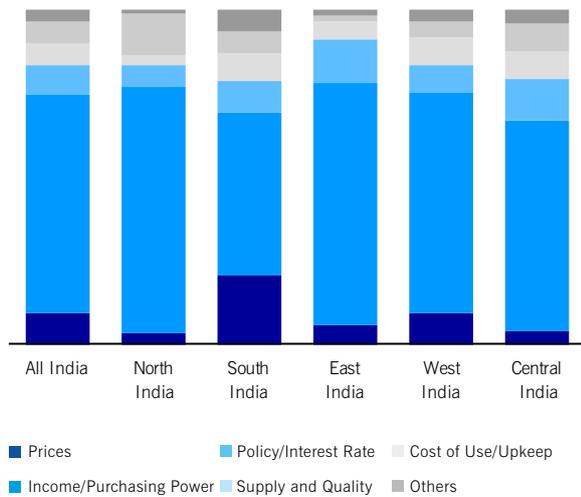
Car Purchase Sentiment

	May-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15
Car Purchase Sentiment	75.2	91.4	104.0	108.1	96.5	96.3	87.7
Car Purchase Expectations	101.8	79.7	105.1	105.8	100.7	103.8	102.1
Price of Gasoline	151.4	96.9	97.0	89.5	107.6	111.2	126.6

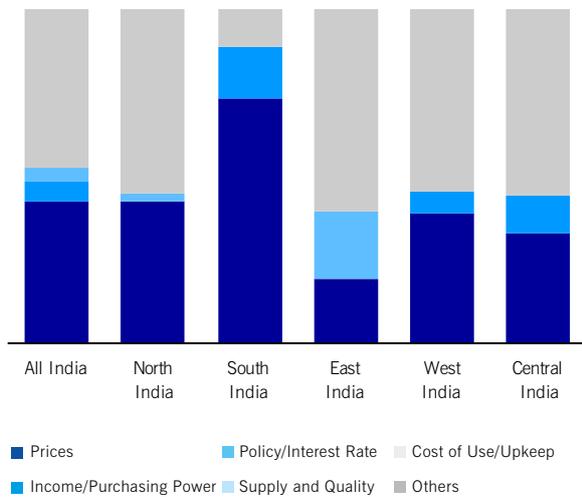
Car Purchase Indicator Regions



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

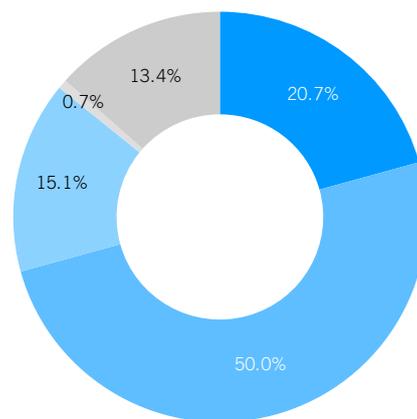


Reasons for a Bad Time to Buy a Car (% of Households)



Amid the fall in global oil prices and subsequent deregulation of fuel prices, expectations for the Price of Gasoline had fallen considerably, especially during the second half of last year. However since March, expectations have started rising quickly with the indicator increasing to a seven-month high of 126.6 from 111.2 in April, as global crude oil prices recovered slightly. After two rounds of cuts, petrol prices were raised at the end of April by Rs 3.96 per litre and diesel by Rs 2.37 a litre following an increase in international prices of both petrol and diesel and the significant depreciation in the rupee-dollar exchange rate.

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

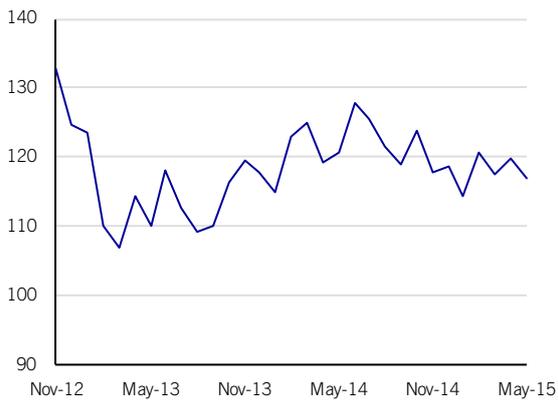


■ Excellent ■ Neutral ■ Very Bad Time
■ Good Time ■ Bad Time ■ Don't Know/No Answer

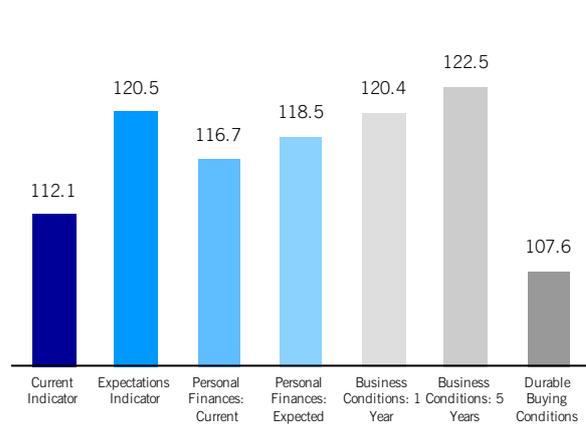
MNI India Consumer Indicator Regions



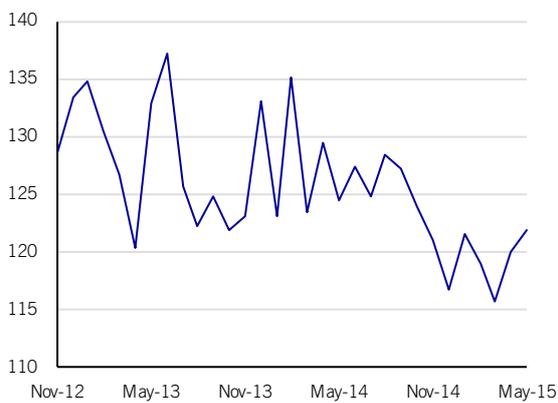
Consumer Indicator: North India



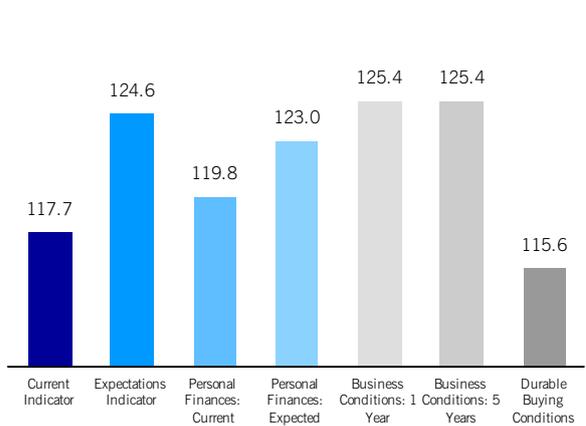
Consumer Indicator Components: North India



Consumer Indicator: South India

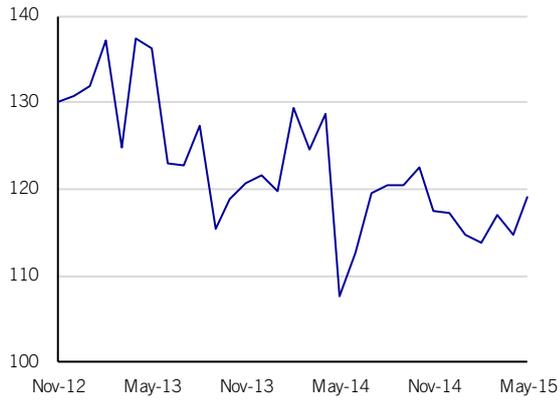


Consumer Indicator Components: South India

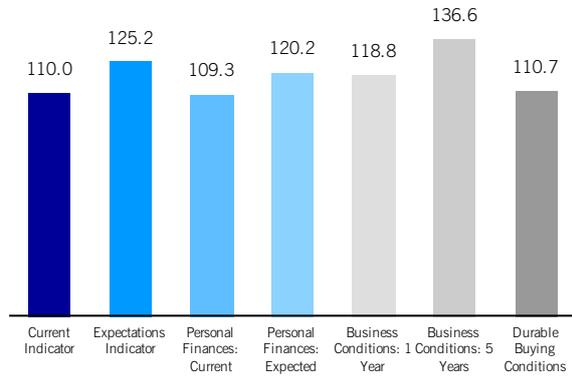




Consumer Indicator: East India



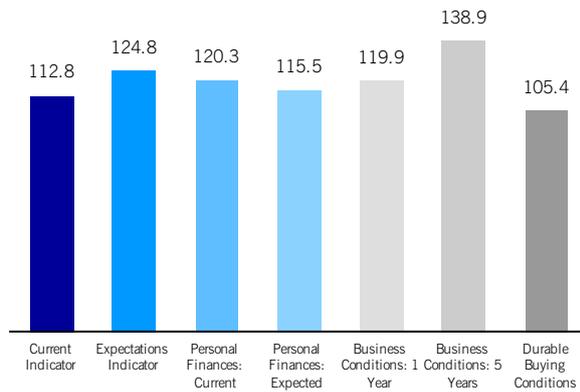
Consumer Indicator Components: East India



Consumer Indicator: West India

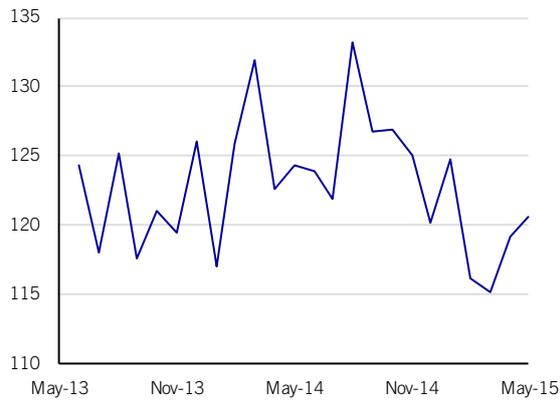


Consumer Indicator Components: West India

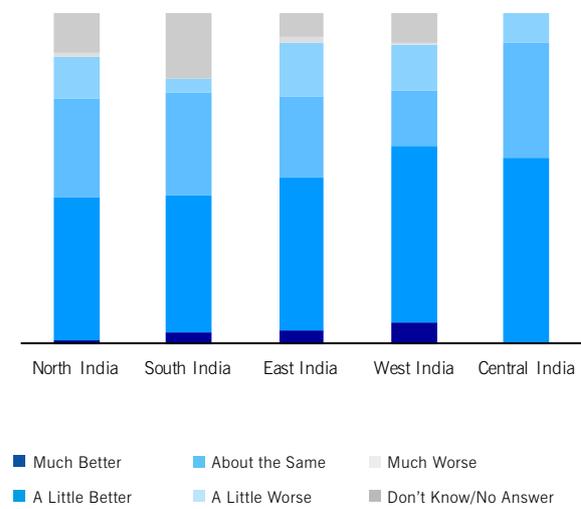




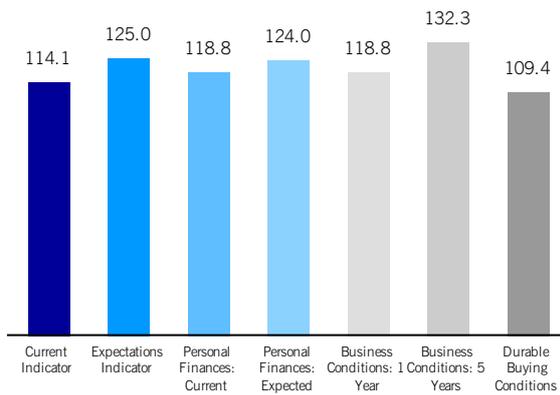
Consumer Indicator: Central India



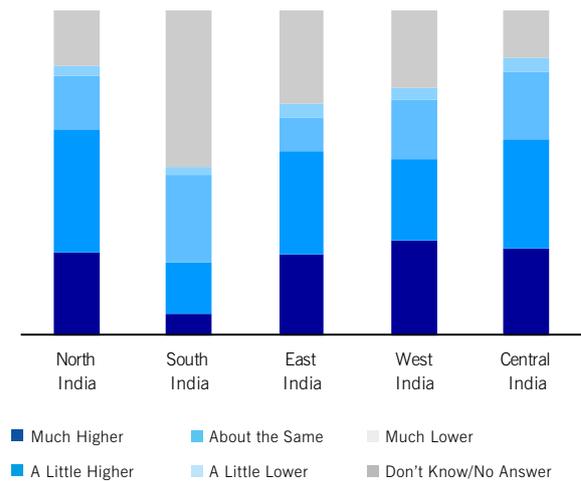
Employment Outlook for the Next 12 Months (% of Households)



Consumer Indicator Components: Central India

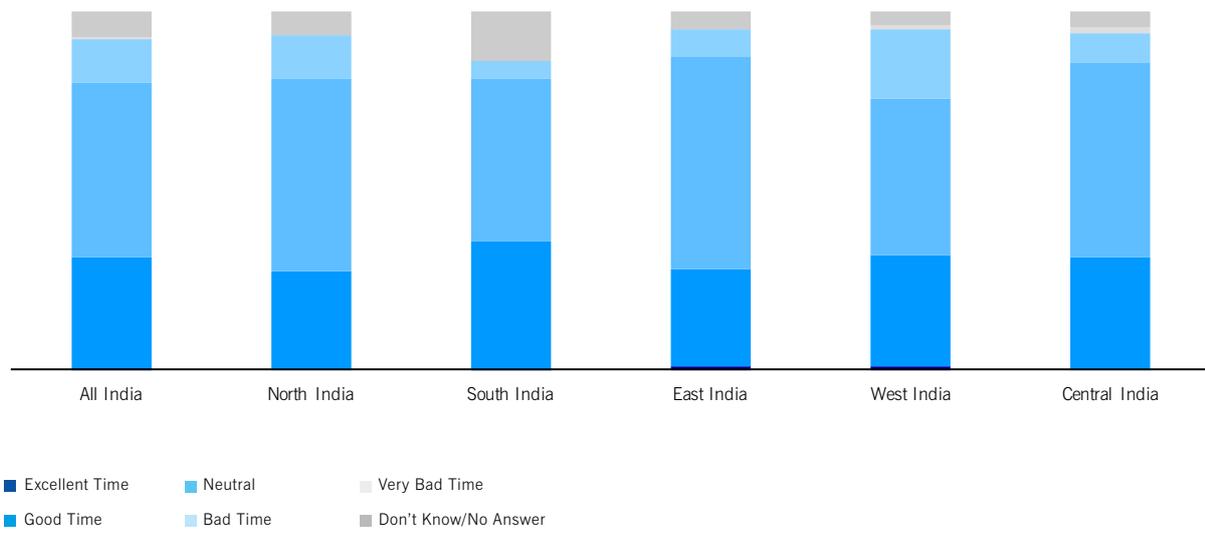


Interest Rate Expectations on House and Car Loans Indicator (% of Households)

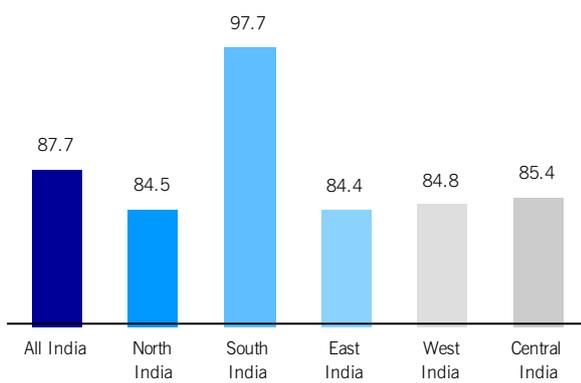




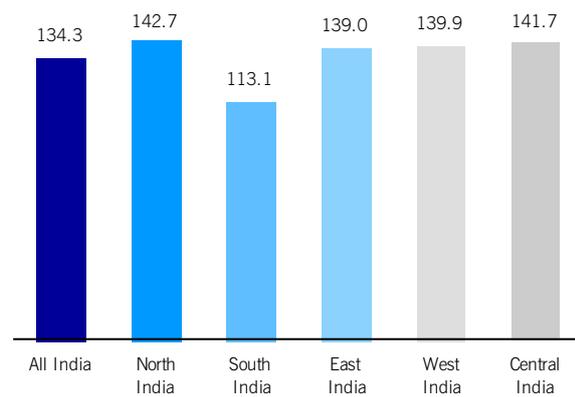
Is it a Good/Bad Time to Buy Large Household Goods? (% of Households)



Car Purchase Indicator - Regions



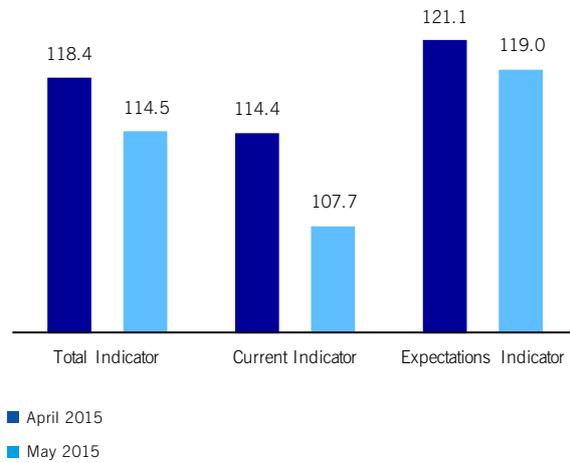
Interest Rates Expectations (% of Households)



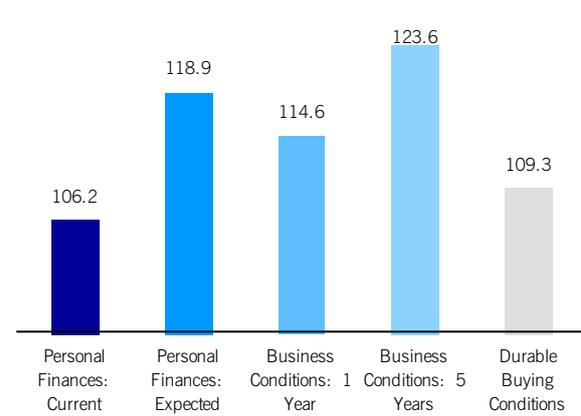
MNI India Consumer Indicator Income Groups



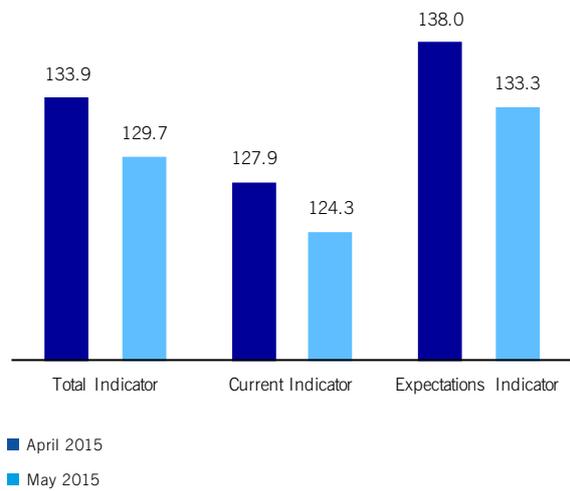
< Rs. 432,000 per annum



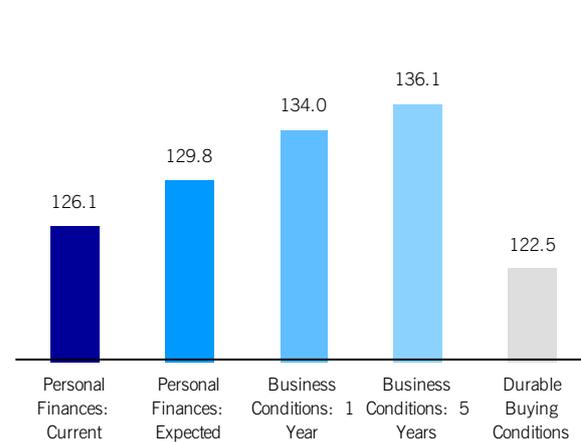
< Rs. 432,000 - Components



> Rs. 432,000 per annum



> Rs. 432,000 - Components



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

The gap in confidence between them has risen significantly over the past year with higher income households relatively more upbeat.



What the Panel Said



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

“Public transport is preferred.”

“Buying a car is a luxury.”

“The price of cars has increased.”

“The excise duty on electronic items has reduced.”

“Income level is the same but prices paid are higher.”

“Service tax has increased.”

“The business conditions are stagnant.”

“Parking facility is very important.”

“Any purchase decision for household items depends on deals and offers.”

“Personal finance is poor as price of goods has increased.”



Data Tables

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

North India Overview

	Mar-15	Apr-15	May-15	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
North India Consumer Indicator	117.6	119.9	117.1	-	Jan-15	118.2	-2.8	-2.3%
Current Indicator	110.6	114.9	112.1	-	Mar-15	112.5	-2.8	-2.4%
Expectations Indicator	122.4	123.3	120.5	-	Jan-15	122.1	-2.8	-2.3%
Personal Finance: Current	111.7	119.2	116.7	-	Mar-15	115.9	-2.5	-2.1%
Personal Finance: Expected	118.8	121.8	118.5	-	Jan-15	119.7	-3.3	-2.7%
Business Condition: 1 Year	118.9	118.8	120.4	Feb-15	-	119.4	1.6	1.4%
Business Condition: 5 Years	129.5	129.2	122.5	-	Jan-15	127.1	-6.7	-5.2%
Durable Buying Conditions	109.4	110.6	107.6	-	Jan-15	109.2	-3.0	-2.7%
Current Business Conditions Indicator	106.4	107.3	104.6	-	Jan-15	106.1	-2.7	-2.6%
Stock Investment Indicator	130.7	133.3	148.9	series high	-	137.6	15.6	11.7%
Real Estate Investment Indicator	117.1	121.4	117.5	-	Mar-15	118.7	-3.9	-3.2%
Car Purchase Indicator	96.9	92.8	84.5	-	Sep-14	91.4	-8.3	-8.9%
Employment Outlook Indicator	110.8	116.5	115.4	-	Mar-15	114.2	-1.1	-0.9%
Inflation Expectations Indicator	128.8	140.8	145.7	Jul-14	-	138.4	4.9	3.5%
Current Prices Satisfaction Indicator	96.8	90.2	82.6	-	Oct-14	89.9	-7.6	-8.4%
Interest Rates Expectations Indicator	129.3	142.2	142.7	Jun-14	-	138.1	0.5	0.3%

South India Overview

	Mar-15	Apr-15	May-15	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
South India Consumer Indicator	115.7	120.0	121.9	Oct-14	-	119.2	1.9	1.6%
Current Indicator	107.8	115.4	117.7	Sep-14	-	113.6	2.3	2.0%
Expectations Indicator	121.0	123.0	124.6	Jan-15	-	122.9	1.6	1.3%
Personal Finance: Current	111.6	108.1	119.8	Jul-14	-	113.2	11.7	10.8%
Personal Finance: Expected	121.3	118.2	123.0	Feb-15	-	120.8	4.8	4.1%
Business Condition: 1 Year	117.0	122.8	125.4	Oct-14	-	121.7	2.6	2.1%
Business Condition: 5 Years	124.6	128.0	125.4	-	Mar-15	126.0	-2.6	-2.1%
Durable Buying Conditions	104.0	122.6	115.6	-	Mar-15	114.1	-7.0	-5.7%
Current Business Conditions Indicator	107.6	116.2	122.8	Feb-14	-	115.5	6.6	5.7%
Stock Investment Indicator	-	129.3	118.5	-	Feb-15	82.6	-10.8	-8.4%
Real Estate Investment Indicator	107.7	109.9	110.0	Feb-15	-	109.2	0.1	0.1%
Car Purchase Indicator	100.6	104.1	97.7	-	Dec-14	100.8	-6.4	-6.2%
Employment Outlook Indicator	116.7	105.7	122.1	Feb-15	-	114.8	16.4	15.5%
Inflation Expectations Indicator	137.2	127.5	128.4	Mar-15	-	131.0	0.9	0.7%
Current Prices Satisfaction Indicator	110.0	101.1	96.0	-	Sep-14	102.4	-5.1	-5.1%
Interest Rates Expectations Indicator	109.8	107.0	113.1	Oct-14	-	110.0	6.1	5.7%

East India Overview

	Mar-15	Apr-15	May-15	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
East India Consumer Indicator	117.1	114.8	119.1	Oct-14	-	117.0	4.3	3.7%
Current Indicator	107.9	111.6	110.0	-	Mar-15	109.8	-1.6	-1.4%
Expectations Indicator	123.2	117.0	125.2	Dec-14	-	121.8	8.2	7.0%
Personal Finance: Current	110.3	113.2	109.3	-	Feb-15	110.9	-3.9	-3.5%
Personal Finance: Expected	123.0	113.2	120.2	Mar-15	-	118.8	7.0	6.2%
Business Condition: 1 Year	113.4	111.1	118.8	Oct-14	-	114.4	7.7	6.9%
Business Condition: 5 Years	133.1	126.8	136.6	Jul-14	-	132.2	9.8	7.7%
Durable Buying Conditions	105.5	109.9	110.7	Sep-14	-	108.7	0.8	0.7%
Current Business Conditions Indicator	113.7	106.7	113.6	Mar-15	-	111.3	6.9	6.5%
Stock Investment Indicator	116.7	141.7	-	-	-	-	-	-
Real Estate Investment Indicator	109.7	113.2	112.5	-	Mar-15	111.8	-0.7	-0.6%
Car Purchase Indicator	94.0	91.0	84.4	-	Sep-14	89.8	-6.6	-7.3%
Employment Outlook Indicator	117.9	117.2	117.5	Mar-15	-	117.5	0.3	0.3%
Inflation Expectations Indicator	126.3	125.1	136.4	Apr-14	-	129.3	11.3	9.0%
Current Prices Satisfaction Indicator	102.2	94.7	82.7	-	Sep-14	93.2	-12.0	-12.7%
Interest Rates Expectations Indicator	121.4	122.6	139.0	Dec-13	-	127.7	16.4	13.4%

West India Overview

	Mar-15	Apr-15	May-15	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
West India Consumer Indicator	122.2	128.6	120.0	-	Sep-13	123.6	-8.6	-6.7%
Current Indicator	112.6	118.5	112.8	-	Mar-15	114.6	-5.7	-4.8%
Expectations Indicator	128.7	135.3	124.8	-	Sep-13	129.6	-10.5	-7.8%
Personal Finance: Current	121.8	126.6	120.3	-	Jan-15	122.9	-6.3	-5.0%
Personal Finance: Expected	121.3	124.8	115.5	-	series low	120.5	-9.3	-7.4%
Business Condition: 1 Year	124.6	134.3	119.9	-	Sep-13	126.3	-14.4	-10.8%
Business Condition: 5 Years	140.0	146.7	138.9	-	Sep-14	141.9	-7.8	-5.3%
Durable Buying Conditions	103.3	110.4	105.4	-	Mar-15	106.4	-5.0	-4.6%
Current Business Conditions Indicator	114.6	121.2	113.6	-	Aug-14	116.5	-7.6	-6.3%
Stock Investment Indicator	128.0	131.2	107.5	-	Mar-14	122.2	-23.7	-18.1%
Real Estate Investment Indicator	113.2	115.6	115.8	Jan-15	-	114.9	0.2	0.2%
Car Purchase Indicator	94.7	96.0	84.8	-	Sep-14	91.8	-11.2	-11.7%
Employment Outlook Indicator	119.1	133.9	125.7	-	Mar-15	126.2	-8.2	-6.1%
Inflation Expectations Indicator	135.3	138.4	142.4	May-14	-	138.7	4.0	2.9%
Current Prices Satisfaction Indicator	80.5	87.2	83.6	-	Mar-15	83.8	-3.6	-4.2%
Interest Rates Expectations Indicator	125.4	137.6	139.9	Mar-14	-	134.3	2.3	1.7%

Central India Overview

	Mar-15	Apr-15	May-15	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
Central India Consumer Indicator	115.2	119.2	120.6	Jan-15	-	118.3	1.4	1.2%
Current Indicator	105.4	113.3	114.1	Jan-15	-	110.9	0.8	0.7%
Expectations Indicator	121.7	123.1	125.0	Jan-15	-	123.3	1.9	1.5%
Personal Finance: Current	105.8	120.2	118.8	-	Mar-15	114.9	-1.4	-1.2%
Personal Finance: Expected	124.2	121.0	124.0	Mar-15	-	123.1	3.0	2.5%
Business Condition: 1 Year	115.8	117.7	118.8	Feb-15	-	117.4	1.1	0.9%
Business Condition: 5 Years	125.0	130.6	132.3	Feb-15	-	129.3	1.7	1.3%
Durable Buying Conditions	105.0	106.5	109.4	Nov-14	-	107.0	2.9	2.7%
Current Business Conditions Indicator	105.8	115.3	105.2	-	Sep-14	108.8	-10.1	-8.8%
Stock Investment Indicator	-	-	133.3	series high	-	44.4	133.3	0.0%
Real Estate Investment Indicator	107.2	113.4	117.7	Oct-14	-	112.8	4.3	3.8%
Car Purchase Indicator	95.0	93.1	85.4	-	Aug-14	91.2	-7.7	-8.3%
Employment Outlook Indicator	118.3	121.8	122.9	Dec-14	-	121.0	1.1	0.9%
Inflation Expectations Indicator	132.5	129.0	134.4	Aug-14	-	132.0	5.4	4.1%
Current Prices Satisfaction Indicator	100.8	95.2	93.8	-	Feb-15	96.6	-1.4	-1.5%
Interest Rates Expectations Indicator	120.8	129.0	141.7	Dec-14	-	130.5	12.7	9.8%

All India - Overview by Age

	Mar-15	Apr-15	May-15	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
Age 18-34								
MNI India Consumer Indicator	120.3	126.8	120.1	-	Sep-13	122.4	-6.7	-5.3%
Current Indicator	110.1	120.2	114.3	-	Mar-15	114.9	-5.9	-4.9%
Expectations Indicator	127.2	131.2	123.9	-	Sep-13	127.4	-7.3	-5.6%
Personal Finance: Current	115.7	120.7	117.4	-	Mar-15	117.9	-3.3	-2.7%
Personal Finance: Expected	123.3	127.5	119.7	-	series low	123.5	-7.8	-6.1%
Business Condition: 1 Year	122.0	127.9	120.9	-	Feb-15	123.6	-7.0	-5.5%
Business Condition: 5 Years	136.1	138.3	131.0	-	Jul-13	135.1	-7.3	-5.3%
Durable Buying Conditions	104.5	119.7	111.3	-	Mar-15	111.8	-8.4	-7.0%
Age 35-54								
MNI India Consumer Indicator	117.8	121.0	119.8	-	Mar-15	119.5	-1.2	-1.0%
Current Indicator	110.0	114.5	113.0	-	Mar-15	112.5	-1.5	-1.3%
Expectations Indicator	123.0	125.3	124.3	-	Mar-15	124.2	-1.0	-0.8%
Personal Finance: Current	115.2	119.5	117.0	-	Mar-15	117.2	-2.5	-2.1%
Personal Finance: Expected	120.2	119.7	118.4	-	series low	119.4	-1.3	-1.1%
Business Condition: 1 Year	118.7	122.6	122.8	Oct-14	-	121.4	0.2	0.1%
Business Condition: 5 Years	130.1	133.4	131.7	-	Mar-15	131.7	-1.7	-1.3%
Durable Buying Conditions	104.9	109.6	109.0	-	Mar-15	107.8	-0.6	-0.5%
Age 55-64								
MNI India Consumer Indicator	116.7	117.3	118.2	Feb-15	-	117.4	0.9	0.7%
Current Indicator	109.3	111.4	113.0	Feb-15	-	111.2	1.6	1.4%
Expectations Indicator	121.7	121.3	121.6	Mar-15	-	121.5	0.3	0.2%
Personal Finance: Current	109.8	111.0	120.7	Dec-13	-	113.8	9.7	8.7%
Personal Finance: Expected	119.0	112.6	119.7	Feb-15	-	117.1	7.1	6.3%
Business Condition: 1 Year	116.4	120.3	116.2	-	Nov-14	117.6	-4.1	-3.4%
Business Condition: 5 Years	129.6	131.1	128.9	-	Jan-15	129.9	-2.2	-1.7%
Durable Buying Conditions	108.8	111.7	105.2	-	Dec-14	108.6	-6.5	-5.8%

All India - Overview by Income

	Mar-15	Apr-15	May-15	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
< Rs. 432,000 per annum								
MNI India Consumer Indicator	118.1	118.4	114.5	-	series low	117.0	-3.9	-3.3%
Current Indicator	105.2	114.4	107.7	-	Mar-15	109.1	-6.7	-5.8%
Expectations Indicator	126.6	121.1	119.0	-	Jan-15	122.2	-2.1	-1.7%
Personal Finance: Current	108.8	109.0	106.2	-	Nov-14	108.0	-2.8	-2.6%
Personal Finance: Expected	122.2	128.0	118.9	-	Jan-15	123.0	-9.1	-7.1%
Business Condition: 1 Year	127.7	112.4	114.6	Mar-15	-	118.2	2.2	1.9%
Business Condition: 5 Year	129.8	122.8	123.6	Mar-15	-	125.4	0.8	0.6%
Durable Buying Conditions	101.7	119.9	109.3	-	Mar-15	110.3	-10.6	-8.8%
> Rs. 432,000 per annum								
MNI India Consumer Indicator	125.1	133.9	129.7	-	Mar-15	129.6	-4.2	-3.2%
Current Indicator	117.0	127.9	124.3	-	Mar-15	123.1	-3.6	-2.8%
Expectations Indicator	130.5	138.0	133.3	-	Mar-15	133.9	-4.7	-3.4%
Personal Finance: Current	123.9	130.8	126.1	-	Mar-15	126.9	-4.7	-3.7%
Personal Finance: Expected	126.7	134.7	129.8	-	Mar-15	130.4	-4.9	-3.7%
Business Condition: 1 Year	124.5	134.9	134.0	-	Mar-15	131.1	-0.9	-0.6%
Business Condition: 5 Year	140.3	144.4	136.1	-	Jan-14	140.3	-8.3	-5.7%
Durable Buying Conditions	110.1	124.9	122.5	-	Mar-15	119.2	-2.4	-1.9%

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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