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MNI India Consumer Report March 2016

Insight and data for better decisions

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Insight and data for better decisions

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

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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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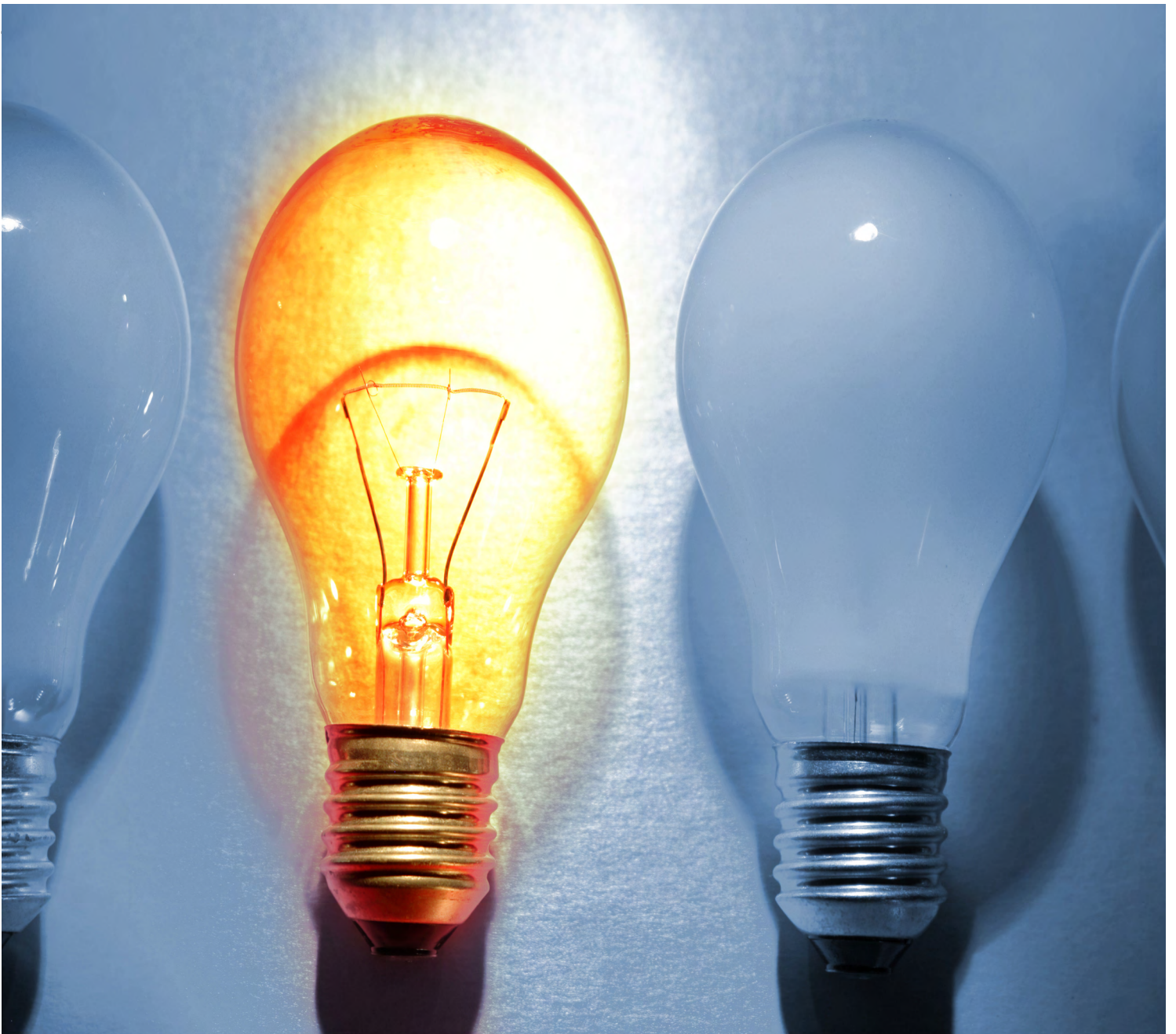
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Executive Summary

The MNI India Consumer Sentiment Indicator rose 2.1% to 111.2 in March from 108.9 in February.

Consumer sentiment rose to the highest since November last year led by more optimistic expectations for future finances and business conditions while sentiment towards spending took a backseat.

The MNI India Consumer Sentiment Indicator rose 2.1% to 111.2 in March from 108.9 in February. While sentiment remained above the 100 level, meaning optimists outnumbered pessimists, it was 6.1% down on the year and stands 5.4% below the last year's average.

In the last 12 months, confidence has increased only four times and in spite of this month's rise, sentiment towards current finances and the business environment in general remains weak. Views about the current situation fell to new historical lows, with the Current Indicator falling to 104.8, while the Expectations Indicator, which is made of three forward-looking components, rose to 115.5 from 111.4 in the previous month. While sentiment was in trend decline in 2014, it looks like consumer confidence has now troughed. Should this optimism continue it could prompt a turnaround in overall consumer spending.

Consumers remained downbeat about the current business environment. The Current Business Conditions indicator fell to a new record low level. However, consumer expectations for future business conditions picked up. Business Conditions in One Year rose for the second consecutive month and that for five years rose to the highest level since September 2015.

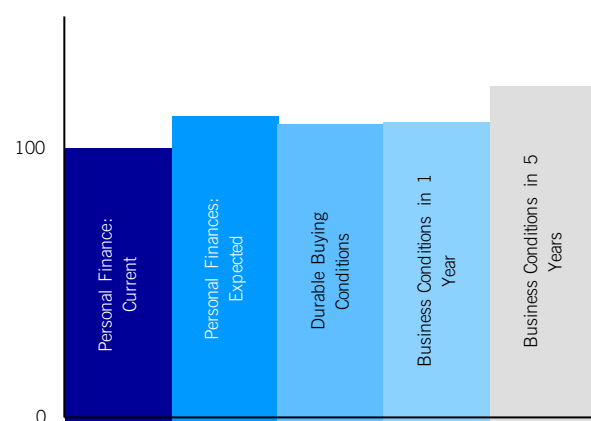
With 46% of respondents expecting the job market to improve over the next 12 months, slightly more than last month, the Employment Outlook Indicator increased to 107.0 from 103.5 in February.

Respondents' assessment of household finances improved slightly, with the current measure rising above 100. More consumers cited higher income as the reason behind better finances and their attitude towards prices in general also improved. While the

Current Prices Satisfaction Indicator remains well below 100, it was up 8.5% on the month. This probably also tempered inflation expectations among consumers, with the Inflation Expectations Indicator falling to the lowest level since February 2015.

In our survey, respondents were divided in their expectations for how much prices will rise over the next 12 months, with the majority expecting prices to rise up to 10% against more than a quarter of respondents who were uncertain about the rate of growth in prices in the coming 12 months.

MNI India Consumer Indicator - Components



All India - Overview

	Jan-16	Feb-16	Mar-16	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
MNI India Consumer Indicator	109.8	108.9	111.2	Nov-15	-	110.0	2.3	2.1%
Current Indicator	107.2	105.1	104.8	-	series low	105.7	-0.3	-0.3%
Expectations Indicator	111.6	111.4	115.5	Nov-15	-	112.8	4.1	3.7%
Personal Finance: Current	100.8	96.2	100.1	Jan-16	-	99.0	3.9	4.1%
Personal Finance: Expected	108.8	108.1	112.4	Nov-15	-	109.8	4.3	4.0%
Business Condition: 1 Year	105.6	106.4	110.1	Nov-15	-	107.4	3.7	3.4%
Business Condition: 5 Years	120.4	119.6	124.1	Sep-15	-	121.4	4.5	3.7%
Durable Buying Conditions	113.5	114.0	109.4	-	Aug-15	112.3	-4.6	-4.0%
Current Business Conditions Indicator	92.7	93.0	91.5	-	series low	92.4	-1.5	-1.6%
Real Estate Investment Indicator	111.7	109.7	110.2	Jan-16	-	110.5	0.5	0.4%
Car Purchase Indicator	88.9	91.2	96.3	Sep-15	-	92.1	5.1	5.5%
Employment Outlook Indicator	105.1	103.5	107.0	Nov-15	-	105.2	3.5	3.4%
Inflation Expectations Indicator	137.3	137.2	132.4	-	Feb-15	135.6	-4.8	-3.5%
Current Prices Satisfaction Indicator	61.7	64.4	69.9	Nov-15	-	65.3	5.5	8.5%
Interest Rates Expectations Indicator	122.3	116.7	117.4	Jan-16	-	118.8	0.7	0.6%

All India - Summary

	2015										2016		
	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
MNI India Consumer Indicator	118.5	122.1	119.6	119.5	118.6	119.1	115.3	114.1	113.7	108.5	109.8	108.9	111.2
Current Indicator	109.9	115.7	113.5	111.2	109.6	110.2	110.5	108.0	109.9	105.4	107.2	105.1	104.8
Expectations Indicator	124.2	126.4	123.7	125.1	124.6	125.1	118.5	118.2	116.2	110.6	111.6	111.4	115.5
Personal Finance: Current	114.5	118.3	117.7	114.4	110.3	111.1	110.1	104.4	108.0	101.0	100.8	96.2	100.1
Personal Finance: Expected	121.1	120.8	119.1	120.9	119.3	119.3	115.7	113.9	112.4	107.6	108.8	108.1	112.4
Business Condition: 1 Year	119.5	123.8	121.1	122.5	121.1	122.6	115.5	118.4	114.5	107.4	105.6	106.4	110.1
Business Condition: 5 Years	132.1	134.5	131.0	131.9	133.4	133.4	124.4	122.1	121.7	116.7	120.4	119.6	124.1
Durable Buying Conditions	105.4	113.0	109.2	108.0	109.0	109.3	110.8	111.5	111.8	109.8	113.5	114.0	109.4
Current Business Conditions Indicator	110.3	114.4	113.0	112.4	107.9	111.0	108.8	107.0	105.2	95.6	92.7	93.0	91.5
Real Estate Investment Indicator	112.1	115.3	114.6	114.8	115.0	115.7	114.5	115.0	114.3	113.5	111.7	109.7	110.2
House Price Expectations	149.9	152.9	156.6	153.7	152.4	149.9	148.8	152.3	151.5	148.6	148.6	146.7	148.5
House Buying Sentiment	91.5	88.9	88.4	89.3	93.3	93.0	89.7	89.8	87.6	93.8	92.6	92.7	88.6
House Selling Sentiment	105.0	96.0	101.4	98.5	100.8	95.7	95.0	97.1	96.0	101.8	106.2	110.2	106.5
Car Purchase Indicator	96.5	96.3	87.7	84.6	84.9	93.4	99.2	88.9	87.2	89.9	88.9	91.2	96.3
Car Purchase Expectations	100.7	103.8	102.1	101.0	101.1	99.2	102.6	103.2	100.3	101.1	102.3	102.1	103.6
Price of Gasoline Expectations	107.6	111.2	126.6	131.8	131.3	112.4	104.1	125.4	125.8	121.3	124.5	119.7	111.1
Employment Outlook Indicator	116.3	120.1	121.1	122.7	119.3	122.9	112.3	110.8	109.9	101.8	105.1	103.5	107.0
Inflation Expectations Indicator	132.8	134.2	138.7	136.3	140.4	137.5	137.7	142.4	139.2	139.6	137.3	137.2	132.4
Current Prices Satisfaction Indicator	95.4	92.6	86.7	89.1	87.7	89.6	85.1	82.7	78.6	66.8	61.7	64.4	69.9
Interest Rates Expectations Indicator	121.9	129.2	134.3	133.7	130.1	131.2	127.8	125.5	123.1	119.9	122.3	116.7	117.4

All India - Records

	2012-Current			
	Minimum	Maximum	Mean	Median
MNI India Consumer Indicator	108.5	133.7	120.8	121.2
Current Indicator	104.8	128.3	113.8	113.9
Expectations Indicator	110.6	137.3	125.4	126.4
Personal Finance: Current	96.2	135.4	116.4	116.6
Personal Finance: Expected	107.6	141.5	124.4	124.2
Business Condition: 1 Year	105.6	131.8	120.2	119.9
Business Condition: 5 Years	116.7	144.5	131.8	132.7
Durable Buying Conditions	99.4	121.1	111.1	111.2
Current Business Conditions Indicator	91.5	124.9	110.8	111.4
Real Estate Investment Indicator	109.7	119.9	113.7	114.2
House Price Expectations	133.3	156.6	146.8	148.5
House Buying Sentiment	87.6	121.5	99.3	96.6
House Selling Sentiment	95.0	113.7	105.0	105.0
Car Purchase Indicator	60.1	108.1	82.0	83.1
Car Purchase Expectations	79.7	114.8	102.3	102.3
Price of Gasoline Expectations	89.5	171.0	138.2	144.6
Employment Outlook Indicator	101.8	128.3	116.6	117.6
Inflation Expectations Indicator	119.0	159.2	140.0	137.7
Current Prices Satisfaction Indicator	61.7	115.9	83.6	85.1
Interest Rates Expectations Indicator	116.6	140.4	127.9	129.2

The RBI cuts the policy repo rate to 6.5% from 6.75%...

... and focuses on liquidity to enhance transmission efficiency .



Economic Landscape

In line with expectations, the RBI reduced the policy repo rate by 25 basis points to 6.5%.

The latest monthly economic data for India has been mixed. The continued contraction in industrial output for the third consecutive month poses concerns, particularly with the one-off factors that impacted production in November and December 2015 dissipating. Demand for domestic goods from abroad also failed to show any improvement on account of weak demand in major markets including the Eurozone and China. However, the pace of contraction was the smallest in 14 months, at least showing signs of stabilisation. Consumer price inflation fell to 5.2% in February, the lowest since October 2015. The moderation in retail inflation came after an expansionary period of six months, primarily led by food inflation.

In line with expectations, the RBI reduced the policy repo rate by 25 basis points to 6.5%. Inflation easing along expected trajectory, the Central government sticking to its fiscal deficit target as announced in the Union Budget for 2016-17, reduction in interest rates on small savings and expectations of a favourable monsoon were some of the factors that prompted the Central Bank to go in for the policy rate cut.

Growth in GDP eases in Q3

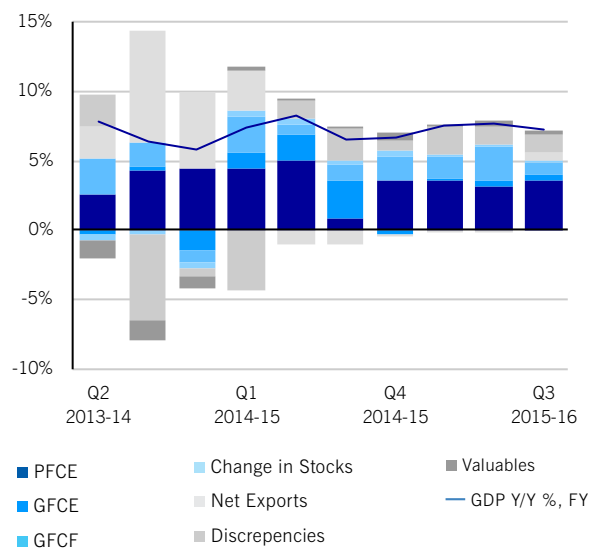
Latest GDP data showed that India's economy grew by 7.3% on the year in the October-December quarter, down from 7.7% in the previous quarter (revised up from 7.4% previously), although higher than the 6.6% growth recorded in the October-December quarter last year.

Growth of GVA at basic prices eased to 7.1% on the year in Q3FY16 from 7.5% in Q2 (revised up from 7.4%), although this was up from 6.7% in Q3FY15. The slowdown in GVA growth was primarily led by agricultural production which has suffered due to two consecutive monsoon failures. The contribution of agriculture turned negative for the first time in three quarters. However, growth of the services sector remained steady at 9.4% with financial, real estate and professional services growing at 9.9% and public administration, defence and other services rising by 7.5% versus 7.1% in the previous quarter. Industrial growth rose to a robust 9% in Q3FY16 from the revised 6.4% in Q2FY16, led by double-digit growth in manufacturing. Manufacturing growth rose to a seven-quarter high of 12.6% in Q3FY16 from 9% in Q2FY16,

contradicting the trend of the Index of Industrial Production for October-November 2015, which averaged just 3.1% growth in that quarter. Moreover, construction growth improved to 4% in Q3FY16 from a low 1.2% in Q2FY16, in line with the five-quarter high growth of cement output and rise in execution of road sector projects.

On an expenditure basis, GDP growth in the October-December quarter was led by a 6.4% year-on-year increase in private final consumption expenditure (PFCE). Growth of PFCE has improved from 5.6% in Q2, supported by the decline in fuel prices and sub-5% urban CPI inflation. Personal consumption added 3.6 percentage points to growth, having contributed 3.1 percentage points in the previous quarter and 0.9 percentage point in the same quarter a year ago. Despite the robust expansion in the Union Government's capital expenditure, the growth of GFCF eased to 2.8% from 7.6% in Q2, highlighting the muted trend in private sector investments. It contributed 0.9 percentage point, down from 2.4 percentage points in the previous quarter and 1.2 percentage points in the same quarter a year ago. Net exports which had been a drag on growth for the previous two quarters, contributed positively. Although the pace of contraction of imports and exports accelerated, the fall in imports outweighed

Contribution to GDP Growth



Source: Central Statistics Office

the decline in exports in Q3 (-10.8% and -9.4%, respectively) compared with the previous quarter (-3.4% and -4.3%, respectively).

GDP and GVA growth for the first two quarters of this fiscal have been revised upwards. GDP growth for Q1FY16 (to 7.6% from 7%) and Q2FY16 (to 7.7% from 7.4%) has undergone considerable revisions, whereas the extent of uptick in GVA growth has been relatively modest for both Q1FY16 (to 7.2% from 7.1%) and Q2FY16 (to 7.5% from 7.4%). The revisions appear dubious because they are largely driven by large increases to net indirect taxes growth, rather than to gross-value added (GVA), which appears more reliable and was only marked up by 10 bps for each quarter.

Going forward, we expect urban demand to stay upbeat, however rural demand is likely to remain sluggish due to the unfavourable trends for the rabi (winter) crop. Weak global growth and a strong rupee on an REER basis would continue to curtail exports. Government spending will play a critical role in terms of infrastructure investment and easing rules for foreign direct investment.

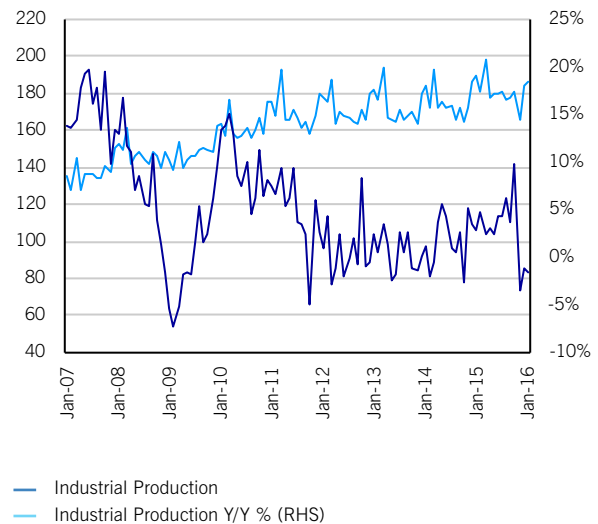
Output contracts for the third month in a row

Industrial production contracted 1.5% on the year in January following a contraction of 1.2% in the previous month (revised up from -1.3% previously). This was the third month of contraction, following floods in South India which impacted production in December as well as a lower number of working days on account of Diwali in November. Part of the decline was due to a large base effect, with production rising slightly in month-on-month terms.

The easing in the pace of contraction was broad-based. The manufacturing sector, which forms three quarters of industrial production, contracted 2.8% on the year compared with a 2.2% fall in the previous month (revised up from -2.4%). Electricity production grew by 6.6% on the year while mining grew by 1.2% on the year, the weakest growth rate in seven months.

According to use-based classification, basic goods production grew 1.8% on the year in January from 0.5% growth in December, while production of consumer goods did not grow at all when compared

Industrial Production



Source: Central Statistics Office

with the previous year, although was up 1.2% from last month. Output of consumer durables continued to grow while non-durables contracted. On the investment side, capital goods production contracted 20.4% on the year in January from 19.1% in December (revised marginally up from -19.7%), tempering the momentum seen last year, which saw an average growth of 3.8%, the highest since 2010. On a three month on three month basis, production contracted for the fourth consecutive month.

The production data averaged 1.7% in Q3, significantly lower than the 4.8% growth recorded in the previous quarter and also below the 2% growth witnessed in the same period last year. In contrast, the latest GDP figures showed that industry as a whole grew by 9% year-on-year in the quarter ending December, of which the manufacturing sector rose a hefty 12.6%, widening the mismatch between monthly indicators and the quarterly GDP figures.

The more frequently updated data for the core sector, which is comprised of eight industries and forms 38% of industrial production, rose 5.7% on the year in February from 2.9% growth in January, the fastest rate of growth since November 2014. However much of this owed to favourable base effects. During the April-

February period of the current fiscal year, infrastructure output has more than halved to 2.3% from 5% growth in the corresponding period last year. This month, production of fertilizer was the front-runner, growing by 16.3% on the year, the fastest growth in five months. Cement, coal and electricity production also grew by healthy rates.

RBI consumer confidence improves in March

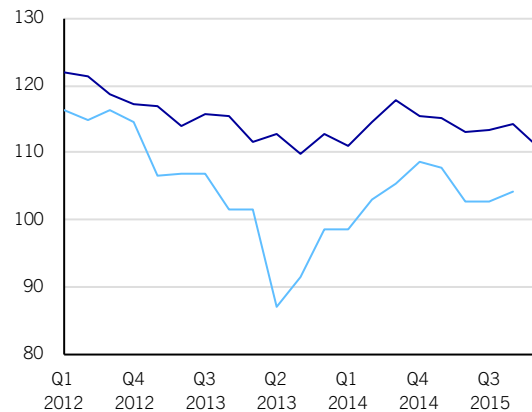
The RBI's Consumer Confidence survey showed that the Current Situation Index (CSI), an assessment of consumer sentiment, rose to 104.1 in the quarter ending March 2016 from 102.9 in the quarter ending December. This was below the 108.6 value recorded in March 2015.

The perceptions of respondents about the general economic situation improved, both for the current and a-year ahead period. Both were at a three quarter high. In contrast, employment outlook as well as current employment perception deteriorated during March, with the latter entering the negative territory.

With regards price levels, current as well as one-year ahead sentiments showed an improvement in this round of the survey. Despite this, the perception of the respondents on spending (both current and future) has been persistently declining since June 2015. However it continues to be strong as more than 75% respondents reported an increase in spending for the current and one year ahead period.

More up-to-date monthly data from the MNI India Consumer Sentiment Survey has shown confidence falling to a new record low level among households in Q1 2016. The MNI India Consumer Sentiment Indicator averaged 110.0 in the three months to March, down from 112.1 in the quarter ending December. Among the five components, three plummeted to series lows. Confidence in current household finances was the weakest and respondents had low expectations of a turnaround in the next 12 months. Despite this, consumers showed greater willingness to purchase large household items. Sentiment towards the current business environment has remained resoundingly weak with lower optimism for future short-term business conditions.

RBI Business and Consumer Sentiment



— Industrial Outlook: Business Expectation Index, fiscal year
 — Consumer Confidence: Current Situation Index, fiscal year

Source: Reserve Bank of India

RBI Industrial outlook falls in June

The RBI's Industrial Outlook Survey showed that the Business Expectation Index (BEI), a gauge of manufacturing business sentiment, eased to 110.9 in the quarter ending June from 114.2 in the quarter ending March and was below the outturn of 115.2 recorded in the June quarter a year earlier. Companies expected lower orders and hence planned on reducing production in the quarter ending June. Moderation was seen in all business indicators barring pending orders, salary and the overall financial situation.

There was a marginal fall in sentiment among manufacturing companies during the Jan-March quarter, with sentiment falling to 103.0 from 103.6 in the previous quarter. The fall in sentiment was mainly led by weaker confidence in exports, imports, employments, profit margin and overall business situation. However, there was a moderate increase in optimism for production, order books, financial situation.

More up-to-date monthly data from the MNI India Business Sentiment Survey shows that business confidence has eased significantly in 2015. In the quarter ending March, the MNI India Business Sentiment Indicator picked up to 62.7 from 61.3, which was the lowest since the quarter ending

December 2013. Companies were less optimistic about the next three months though, with the Expectations Indicator falling to 72.4 from 73.9 in the quarter ending December mainly due to cost concerns with firms expecting rupee to turn unfavourable for their business operations and higher input prices.

Retail inflation eases to a four-month low

Consumer price inflation fell to 5.2% in February from 5.7% in January, the lowest since October 2015. The moderation of retail inflation after a gap of six months was led primarily by food inflation.

Food price inflation, which makes up 47.25% of the CPI basket fell to 5.3% on the year in February after rising to an 11-month high of 6.9% in January. High-protein foods (eggs and meat) which surged in February were flat in March. The only exception was sugar which saw its fifth consecutive increase on the back of global prices firming. Vegetable price inflation eased considerably, with the year-on-year measure up 0.7% compared with 6.4% growth in January, and was 7.9% below the previous month's level. Inflation in pulses which has been burning a hole in Indian households' pockets eased to 38.3% in February from 43.3% in January, contracting on the month for the second consecutive month. Fuel inflation eased to 4.6% in February from 5.3% in January. After stripping out the more volatile components (food and beverages and fuel and light), core inflation rose 4.9% from 4.7% in the previous month, the highest October 2014.

Rural CPI inflation eased to 6% in February from 6.5% in January, led by a fall in food inflation to 6% from 6.9% in January. Urban CPI inflation fell to 4.3% in February from 4.8% in the previous month, with food inflation easing to 4.2% from 6.5% in January.

The contraction in industrial production, soft CPI and the government's commitment to fiscal consolidation have significantly bolstered the probability of a rate cut at the April 2016 monetary policy review.

The previously targeted measure of inflation, based on the Wholesale Price Index, contracted for the 16th consecutive month in February, falling an annual 0.9%, unchanged from January. Food inflation eased to 3.4% from 6% on the year in January. Fuel and power prices,

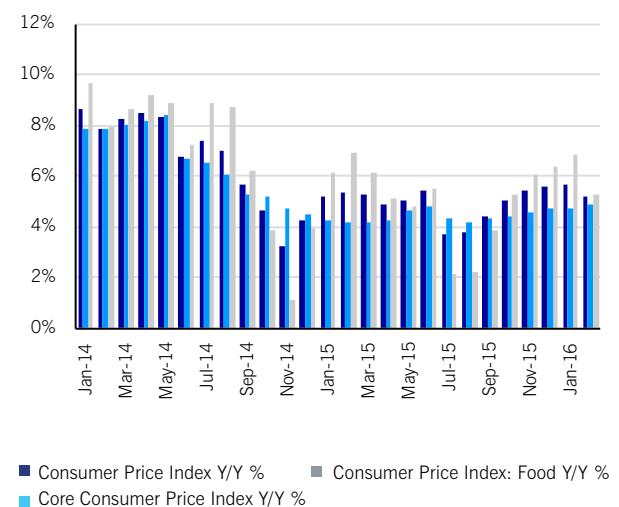
were also down on the year, although they registered a smaller decline compared with the previous month as global crude oil prices recovered slightly. Manufacturing pricing power rose slightly for the second consecutive month, although it remains weak overall.

Repo rate down 25bps to 6.5%

In line with our expectations, the Reserve Bank of India reduced the policy repo rate by 25 basis points to 6.5%. Inflation easing along expected trajectory, the Central government sticking to its fiscal deficit target as announced in the Union Budget for 2016-17, reduction in interest rates on small savings and expectations of a favourable monsoon are some of the factors that prompted the Central Bank to go in for the policy rate cut.

It substantially loosened its liquidity framework, such that the impact on money markets and short term bonds was more than a 25 bps policy cut would have warranted. The stance on liquidity was modified from maintaining a systemic deficit to moving towards a neutral position. Supply of durable liquidity is to be smoothed over the year though asset purchases and sales; an open market operation to purchase Rs. 150 billion of bonds has already been announced in light of the continuing sharp daily liquidity injection by the RBI. In addition, the RBI narrowed the policy corridor from

Consumer Price Inflation



Source: Central Statistics Office

+/- 100 bps to +/- 50 bps with a view to ensuring a better alignment of the weighted average call rate and the policy rate. It also eased liquidity management for banks by reducing the minimum daily maintenance of CRR from 95% of the requirement to 90% with effect from the fortnight beginning April 16, 2016.

While the RBI's primary focus will still be to ensure that the call rate remains close to the policy rate, these measures are expected to remove some of the liquidity uncertainty faced by banks leading to better transmission of policy rates to lending and deposit rates.

Given its accommodative stance, the RBI will monitor the inflation situation more closely before it considers a further rate cut. The RBI expects inflation to remain at around 5% during 2016-17 with some fluctuations during the quarters. As the impact of El-Nino weakens, the Southwest monsoon season is likely to be normal after two successive years of a rainfall deficit. Consumer spending is expected to rise due to higher salaries and allowances on account of recommendations of the Seventh Pay Commission and One Rank One Pension payout. However, weaker global growth reflecting in lower trade growth, weak performance of the corporate sector and risk aversion in the banking system is expected to act as a dampener. Amidst weak global growth prospects, the RBI maintained its projection for growth of gross value added at basic prices for FY2017 at 7.6%, describing risks as evenly balanced.

Government sticks to fiscal consolidation

In the latest budget, the government remained committed to the previously announced fiscal deficit target of 3.5% of GDP to be achieved in 2016-17 and was confident of achieving the fiscal deficit target of 3.9% of GDP for the current year. This is laudable as the government provided enhanced allocations in the key areas such as infrastructure, social sector schemes and the recapitalisation of banks, on the back of constraints imposed by the higher outgoings on pay and pensions following the recommendations of the Seventh Central Pay Commission and the One Rank One Pension scheme for the defence services.

To create fiscal space, the government resorted to various measures, including raising the surcharge on

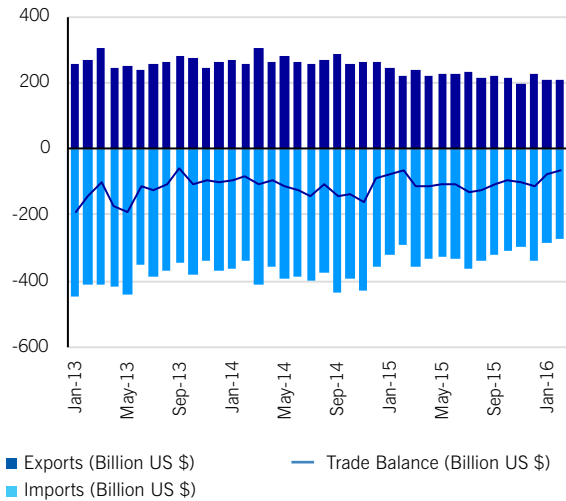
personal income tax on those with incomes in excess of Rs. 10 million and the imposition of an additional tax (10%) on recipients with a gross amount of dividend in excess of Rs. 1 million per year. Moreover, some new cesses have been introduced, such as the Krishi Kalyan cess and infrastructure cess, while existing rates have also been increased. Specifically, disinvestment and strategic sales expected outturn is 0.2% of GDP in FY16 and is budgeted to rise to 0.4% of GDP in FY17, which is identical to the 0.4% of GDP planned consolidation.

There has been an emphasis on increasing allocation towards the agriculture, rural and social sectors as well as infrastructure sectors like roads and railways. The focus on the agriculture and rural sector, especially irrigation, as well as on affordable housing, is likely to have some beneficial impact in terms of reviving demand. Additionally, the step up in NREGA allocation (to Rs. 385.0 billion in 2016-17 from Rs. 357.5 billion in 2015-16) would support farmers in the event of weather-related and other disruptions in rural areas.

Other reform measures proposed include improving the transportation sector, the setting up of a specialised resolution mechanism to deal with bankruptcy situations in the financial sector and expanding the coverage of direct transfer benefits to products like fertilisers. Improving the targeting of beneficiaries for various subsidies and schemes through the planned greater use of Aadhaar is also expected to result in fiscal savings over the medium term.

However, the limited progress on the intention stated in the Union Budget for 2015-16 to reduce the corporate tax rates is a disappointment. Although the Government's commitment to the PSU Banks was reiterated in the Budget Speech, the Budget has restricted the allocation for Bank recapitalisation at Rs. 250.0 billion that was announced in the Indradhanush, despite the stress in the balance sheets of public sector banks. In addition, there remains a lack of any major incremental measures in terms of governance and management reforms for these banks.

Trade Balance



Source: Ministry of Commerce and Industry

Trade deficit lowest in a year

The trade deficit fell in February to \$6.5 billion from \$7.6 billion in January and was 3% above the \$6.7 billion shortfall recorded in February last year.

Exports contracted 5.7% on the year to \$20.7 billion, the 15th consecutive fall but the smallest decline since December 2014. There were signs of stabilisation, captured in the three-month year-on-year measure for exports, which suggest that the slowdown in exports has eased. Imports were down 5% on the year and fell 5% below last month's level to \$27.3 billion, the lowest since August 2010. Gold and silver imports more than halved to \$1.5 billion from \$3.2 billion in January. Oil imports also moderated further to \$4.8 billion from \$5 billion in January. However, with prices firming materially over the last two months, the oil import bill is expected to begin to rise in the following months.

Encouragingly, non-oil, non-gold imports, which reflect domestic demand, rose slightly from the previous month and were up 2.3% on the year. Given the monthly volatility, we will have to assess in the following months whether the downturn in demand is truly a thing of the past.

According to the provisional aggregate monthly data on India's international trade in services released by the

RBI, receipts from India's service exports fell to \$12.6 billion from \$14 billion in December. Payments for India's service imports were also down 4.8% on the month to \$6.8 billion in January.

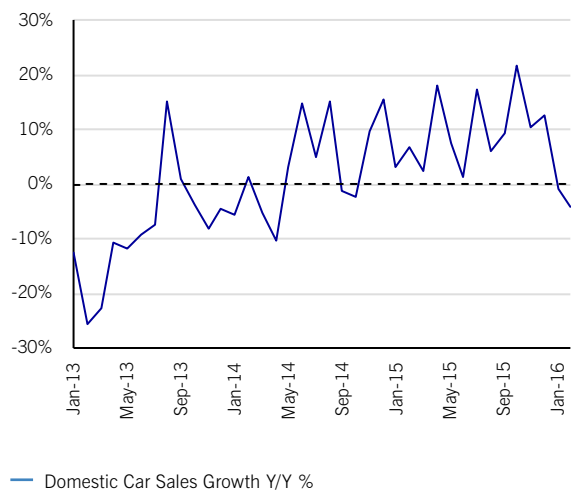
Overall, the implications for domestic demand are mixed, whereas those for exports are consistent with a stabilisation story.

Car sales continue to decline in February

Car sales in India fell 4.2% on the year in February, following a decline of 0.7% in January. On a month-on-month basis as well, sales were down for the fourth consecutive month. Nevertheless over the past year sales have grown by 9.6%, a sizeable improvement from 2.7% growth in 2014 and a fall of 9.9% in 2013.

Sales of commercial vehicles grew by 19.9% on the year in February, up from 17.5% in January, making it the third consecutive double-digit increase. On a three month year-on-year basis, sales have grown by double-digits for the past five consecutive months and have also showed growth on a three month month-on-month basis, suggesting that the pace of growth in the industrial sector may accelerate.

Car Sales



Source: Society of Indian Automobile Manufacturers

Sales of two-wheelers grew 12.8% on the year in February, although base effects played a large role and sales were flat on a month-on-month basis. Sales of scooters grew by 17.7% on the year and sales of motorcycles were up 11% on the year. With the rural sector stressed from two consecutive droughts and unseasonal rainfalls, demand for two-wheelers plummeted in 2015 but it looks like that the severity of the downfall may have eased. Sales of scooters more than halved in 2015 compared with the previous year while those for motorcycles was hit even harder, with demand contracting on a year-on-year basis.

Key Monthly Economic Data

	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16
Consumer Price Index (Y/Y %)	4.4	5.0	5.4	5.6	5.7	5.2	-
Wholesale Price Index (Y/Y %)	-4.6	-3.7	-2.0	-1.1	-0.9	-0.9	-
Industrial Production (Y/Y %)	3.7	9.9	-3.4	-1.2	-1.5	-	-
Car Sales (Y/Y %)	9.5	21.8	10.4	12.9	-0.7	-4.2	-
Trade Balance (Billion US \$)	-10.5	-9.6	-10.2	-11.5	-7.6	-6.5	-
Exports (Billion US \$)	21.8	21.2	19.5	22.4	21.1	20.7	-
Imports (Billion US \$)	32.3	30.9	29.7	33.9	28.7	27.3	-
MNI India Business Sentiment Indicator	61.4	62.3	60.9	60.7	61.8	63.5	62.7
MNI India Consumer Sentiment Indicator	115.3	114.1	113.7	108.5	109.8	108.9	111.2



Indicators

Consumer confidence rose to the highest since November 2015 owing to more optimistic expectations for the future.

MNI India Consumer Indicator

Confidence Rises in March



Consumer confidence rose to the highest since November last year led by more optimistic expectations for future finances and business conditions while sentiment towards spending took a backseat.

The MNI India Consumer Sentiment Indicator rose 2.1% to 111.2 in March from 108.9 in February. While sentiment remained above the 100 level, meaning optimists outnumbered pessimists, it was 6.1% down on the year and stands 5.4% below the last year's average. The Consumer Sentiment Indicator has averaged 110.0 in the three months to March, making it the weakest quarter in the history of the survey.

In the last 12 months, confidence has increased only four times and in spite of this month's rise, sentiment towards current finances and the business environment in general remains weak. Views about the current situation fell to new historical lows, with the Current Indicator falling to 104.8, while the Expectations Indicator, which is made of three forward-looking components, rose to 115.5 from 111.4 in the previous month. While sentiment was in trend decline in 2014, it looks like consumer confidence has now troughed. Should this optimism continue it could prompt a turnaround in overall consumer spending.

Respondents' assessment of household finances improved slightly, with the current measure rising above the 100 mark, indicating optimists outnumber pessimists. More consumers reported higher income as the reason behind better finances and sentiment towards general prices also improved. While the

MNI India Consumer Indicator



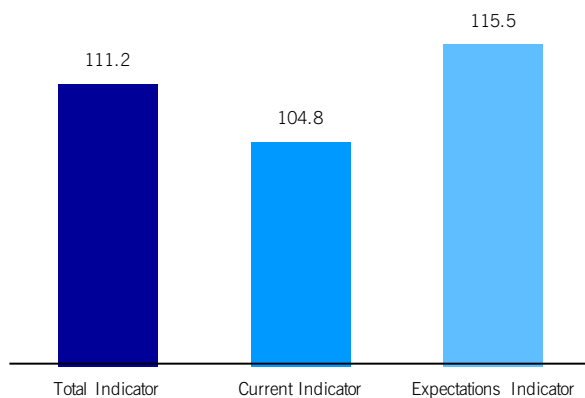
Consumer Indicators



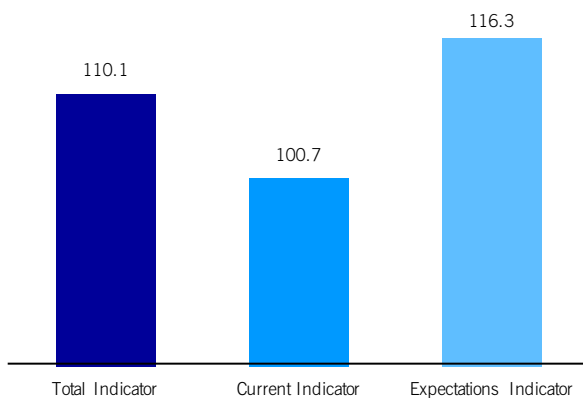
MNI India Consumer Indicator

	Mar-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16
MNI India Consumer Indicator	118.5	114.1	113.7	108.5	109.8	108.9	111.2
Current	109.9	108.0	109.9	105.4	107.2	105.1	104.8
Expectations	124.2	118.2	116.2	110.6	111.6	111.4	115.5

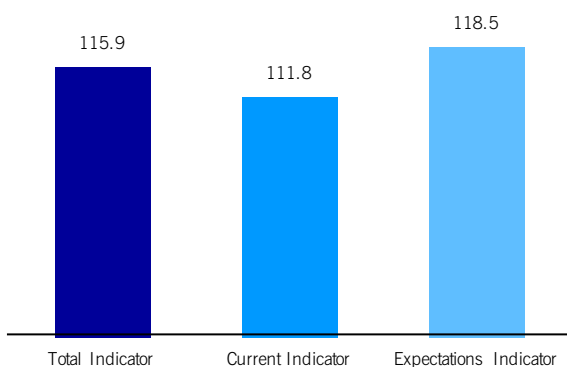
All India



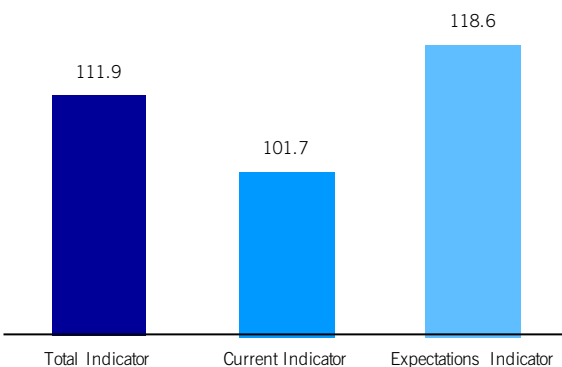
North India



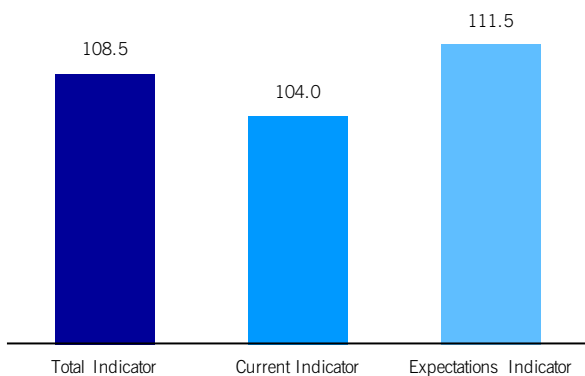
South India



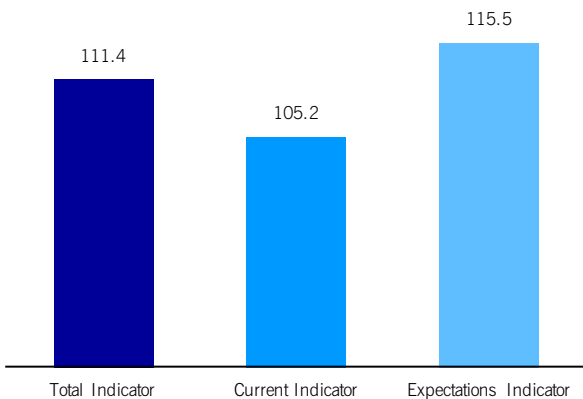
East India



West India



Central India





Current Prices Satisfaction Indicator remains well below 100, it was up 8.5% on the month. This probably also tempered inflation expectations among consumers, with the Inflation Expectations Indicator falling to the lowest level since February 2015.

Consumers remained downbeat about the current business environment. The Current Business Conditions indicator fell to a new record low level. However, consumer expectations for future business conditions picked up. Business Conditions in One Year rose for the second consecutive month and that for five years increased to the highest level since September 2015.

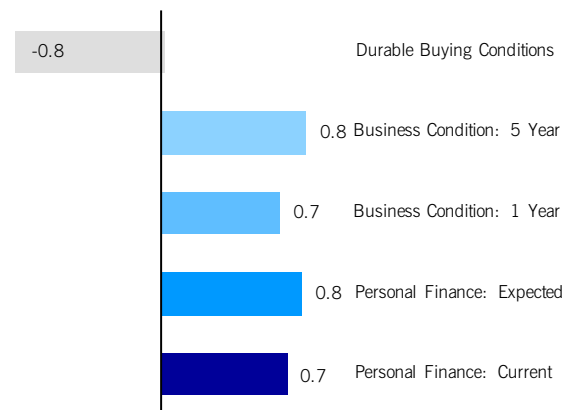
Regions

Consumer sentiment rose in North, East and South India in March.

In East India, the Consumer Indicator jumped 12.4% to 111.9 after falling for the first time below the 100 neutral mark in February. All five components of the Consumer Indicator increased. Consumers were less pessimistic about their state of finances and expected them to improve in the next 12 months. This probably made them more willing to purchase big-ticket items as well. Respondents were also more optimistic in their short and long-term expectations for business conditions, both rising by double-digits.

Respondents in West India were less optimistic this month, with the indicator falling to 108.5, the lowest in the history of the survey. Respondents were more downbeat their expectations about business conditions. They also were less optimistic about their future Personal Finances, pulling down their willingness to purchase big-ticket items to the lowest since March 2015.

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



Age

Consumer sentiment rose mildly across all age groups.

The Consumer Indicator for the 18-34 year age range rose to 112.7 from 111.1 in February. Consumers were less pessimistic about their current personal financial conditions, just falling short of the 100 mark. Their expectations for the future recovered after falling to the lowest on record. However, they were less willing to purchase big-ticket items. Optimism about future business conditions also rose after hitting a record low for the year-ahead measure while expectations for business conditions in five years was at the highest level since September last year.

Consumer sentiment among 35-54 year olds rose to 109.3 from a record low of 106.4. Apart from Durable Buying Conditions, all other components of the Consumer Indicator increased. The Current Personal Finances measure remained below the 100 breakeven level but consumers were more optimistic towards future Personal Finances. Their willingness to buy big-ticket items fell to the lowest level this year.



Consumer sentiment among the oldest age range, 55-64 year olds, rose slightly to 111.0 from 109.8 in February. Sentiment towards Current Personal Finances jumped into expansion while expectations for future household finances were also up after hitting the lowest level in the history of the survey. Respondents were less bullish in their expectations for business conditions, both short and long-term. Respondents' willingness to purchase big-ticket items eased for the second consecutive month.

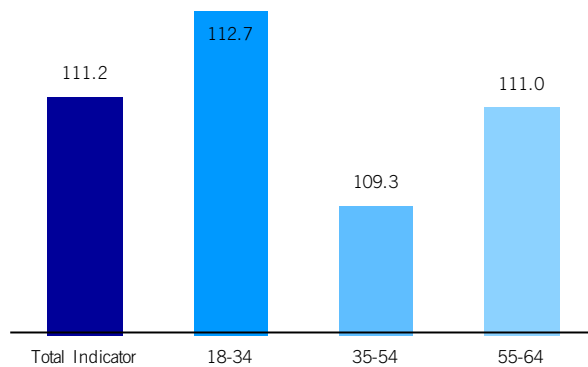
Income

Consumer sentiment rose in the lower income group but it fell to the lowest level in three months among the higher income group.

The Consumer Indicator for households with an average annual income under Rs. 432,000 rose to 112.1 in March from 105.0 in February. Four of the five components of the Consumer Indicator increased. Current Personal Finances recovered after hitting a series low while expectations for finances in the coming 12 months also improved. Respondents were also more upbeat in their short- and long-term outlook for business conditions. In contrast, consumers had lower willingness to purchase big-ticket items, as evidenced by a 2.5% fall in the Durable Buying Conditions Indicator.

For households with an average annual income over Rs. 432,000, the Consumer Indicator dropped to 113.8 in March from 120.5 in February, the lowest since December 2015. All components of the Consumer Indicator fell, apart from Business Conditions in Five Years. Consumers were less content with their current personal financial situation with pessimists outnumbering optimists, also probably resulting in a fall in their willingness to purchase big-ticket items. Respondents were less optimistic about personal finances in the next 12 months, while expectations for business conditions in a year's time remained broadly stable.

Consumer Indicator: Age Groups

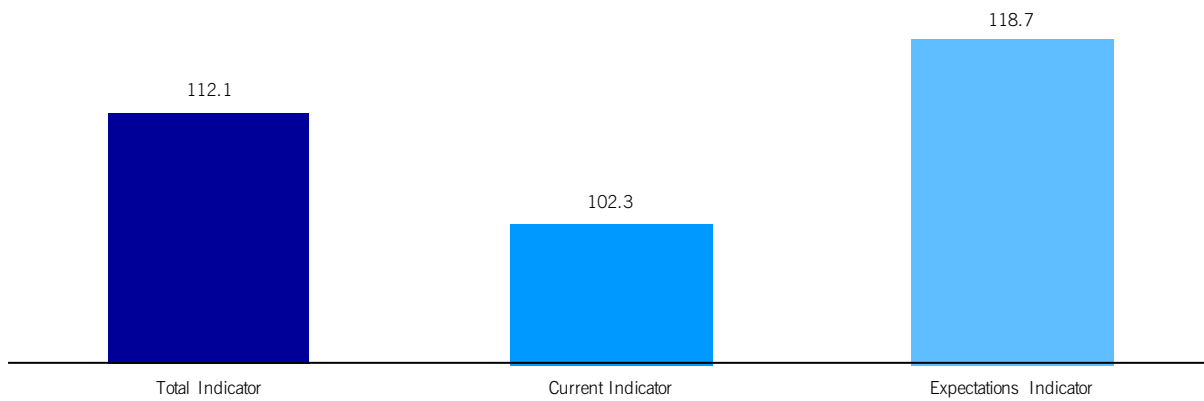


While sentiment among the higher income group has remained above lower income households historically, the gap between them rose to the highest level in the series in January, having eased thereafter. Sentiment for the higher income bracket has averaged 127.0 since the start of the survey while for lower income households it is 118.0.

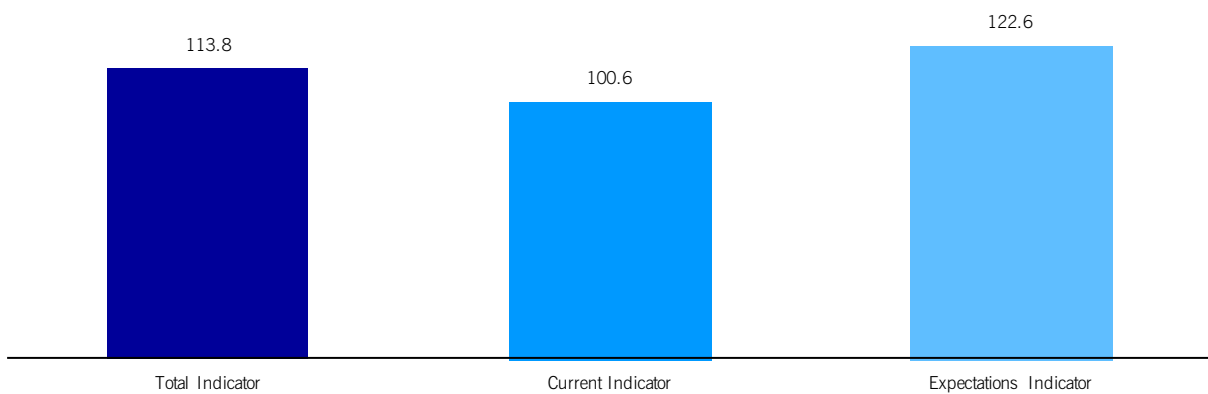
MNI India Consumer Indicator Income Groups



< Rs. 432,000 per annum



> Rs. 432,000 per annum



Personal Finances

Recover from Series Low



Sentiment towards current personal finances improved after hitting a series low in the previous month and respondents were more confident about a turnaround in their finances in the next 12 months.

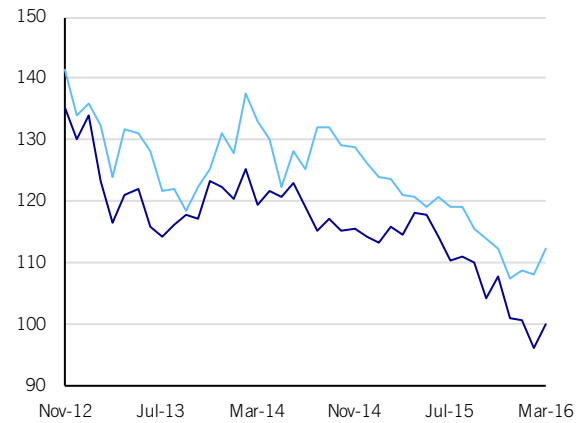
The Current Personal Finances Indicator, which measures whether a household is better or worse off financially than a year ago, rose to 100.1 in March from 96.2 in February, when pessimists outnumbered optimists for the first time in the history of the survey. Our survey shows that consumer perception of finances has eroded significantly since May last year and the in spite of this month's rise, the indicator is 14% below the series average and 10.3% lower than last year's average.

Of those who reported that their finances had improved this month, the highest proportion attributed it to higher income.

When asked about the change in income since last year, almost 40% reported that they had the same level of income. However, respondents with increased incomes outnumbered those who reported a decline over the past year.

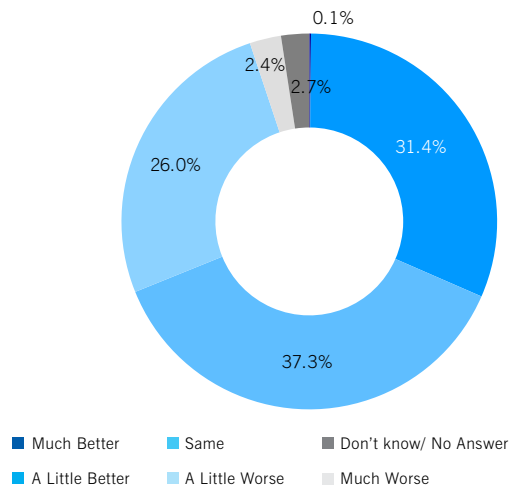
A deteriorating current financial situation has weighed on consumers' expectations for future household finances as well, with the indicator having plummeted since August 2014. In March though, Expected Personal Finances rose to 112.4 from 108.1 in the previous month.

Personal Finances



— Current
— Expectations

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



■ Much Better ■ Same ■ Don't know/ No Answer
■ A Little Better ■ A Little Worse ■ Much Worse

Personal Finances

	Mar-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16
Current	114.5	104.4	108.0	101.0	100.8	96.2	100.1
Expectations	121.1	113.9	112.4	107.6	108.8	108.1	112.4

Personal Finances

Savings



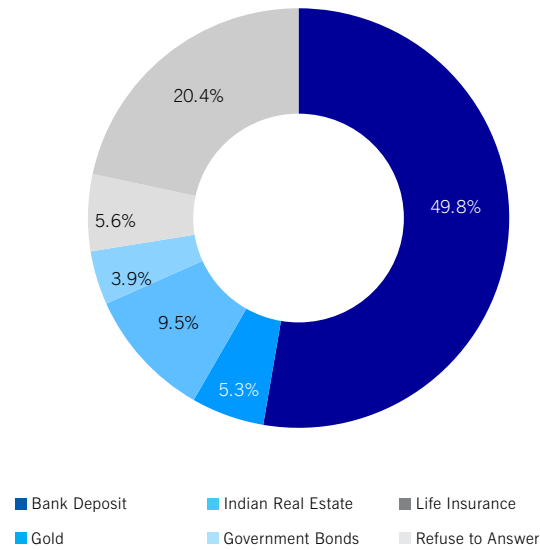
Saving Preferences

Bank deposits remained the favourite savings destination among consumers, chosen by almost half of respondents although its popularity has eased in last two months. Real estate was the second favourite choice for wisest place for savings, with 9.5% favouring housing. A fifth of respondents were either unsure or preferred not to disclose their preference.

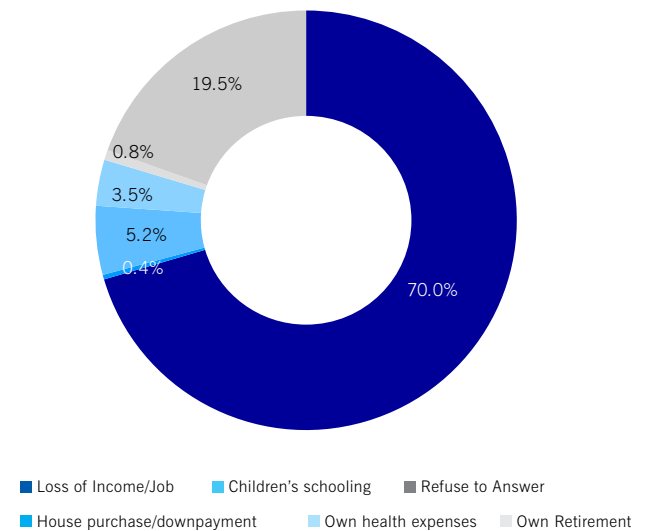
Saving Motivation

The percentage of respondents who cited future loss of income/employment as a main motive remained the highest at 68.5% in March. Own health expenses were the second highest motivation for saving, cited by 5.7% of our panel.

Wisest Place for Savings



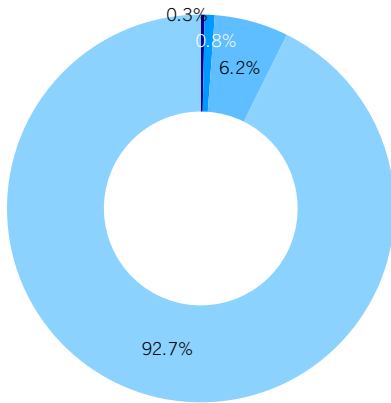
Main Reason for Saving



How Households Spend their Money

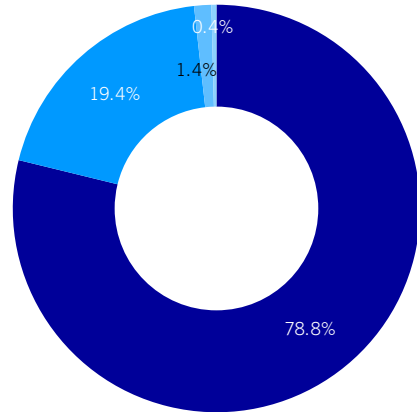


Monthly Household Income Used for Daily Expenses (% of Households)



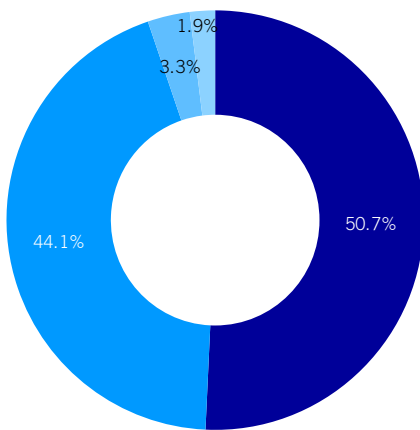
- 0% - 29% of Income
- 30% - 49% of Income
- 50% - 69% of Income
- 70% - 100% of Income

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



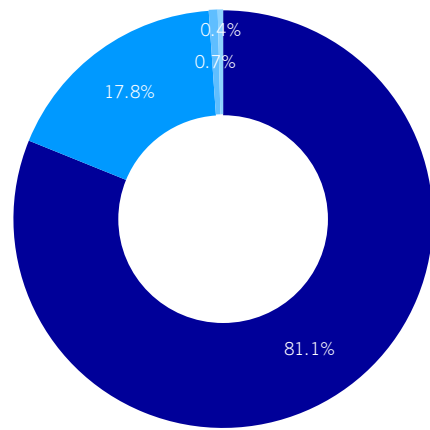
- 0% of Income
- 1% - 29% of Income
- 30% - 49% of Income
- 50% - 100% of Income

Monthly Household Income Used for Savings (% of Households)



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

Monthly Household Income Used for Investments (% of Households)



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

Business Conditions

Current Conditions at Record Low



Confidence in the current business environment plummeted to a record low but expectations for short and long-term conditions fared better.

The Current Business Conditions Indicator fell to a record low of 91.5 from 93.0 in the previous month. Sentiment has remained below 100 for the fourth consecutive month. 30.7% of respondents thought current business conditions were worse than they were a year ago, while 40% of respondents thought they were only fair. The proportion of those who thought conditions were better fell to 17.4% from 22% in February.

While sentiment increased when the Modi government was elected in 2014, a lack of quick and effective policy implementation to improve the business environment looks to have weighed on sentiment. Our monthly business survey paints a similar picture with business confidence easing until the end of 2015 following a spike at the time of elections on hopes of a turnaround of the economy. However, in the first two months of the new year, companies have increased production on the back of rising orders, in turn bolstering business sentiment.

The Business Conditions in One Year indicator rose for the second consecutive month to 110.1 from 106.4 in the previous month. Of those who were more optimistic about business conditions in the coming year, the majority attributed it to economic development. Respondents also raised their expectations for business conditions in the long-term. The Business Conditions in Five Years indicator increased to 124.1 from 119.6 in February, the highest since September 2015.

Current Business Conditions Indicator



Expected Business Conditions: 1 Year and 5 Years



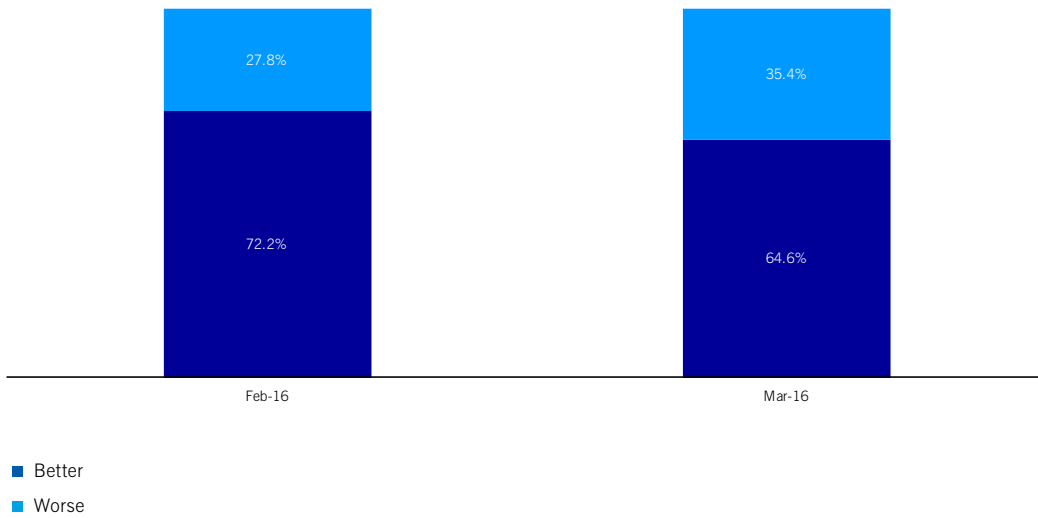
Business Conditions

	Mar-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16
Current	110.3	107.0	105.2	95.6	92.7	93.0	91.5
In 1 Year	119.5	118.4	114.5	107.4	105.6	106.4	110.1
In 5 Years	132.1	122.1	121.7	116.7	120.4	119.6	124.1

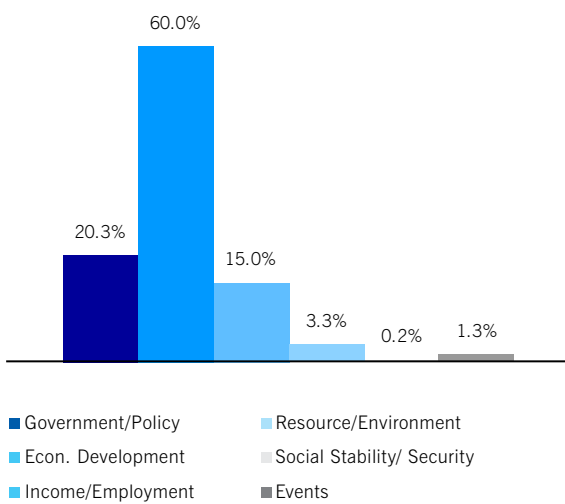
Business Conditions in 1 Year Selected Reasons



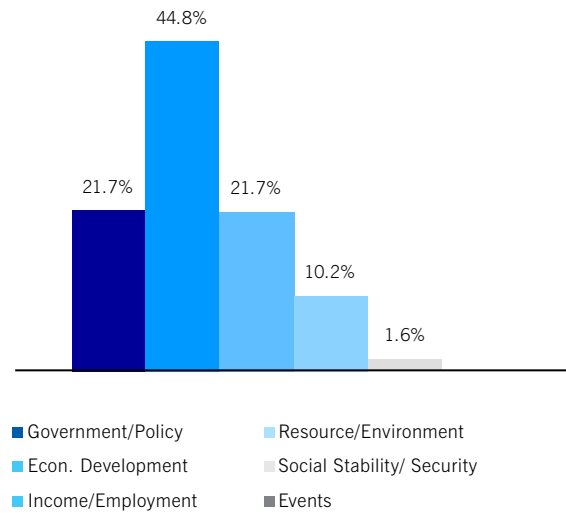
All India



All India, Reasons for Better



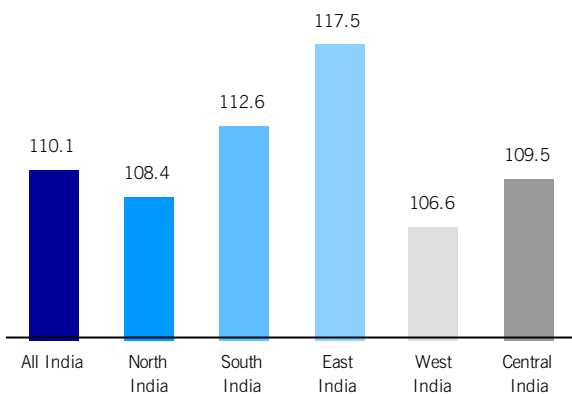
All India, Reasons for Worse



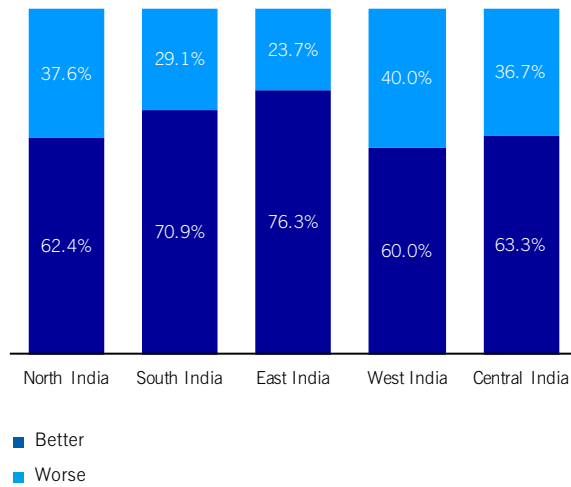
Business Conditions in 1 Year Regions



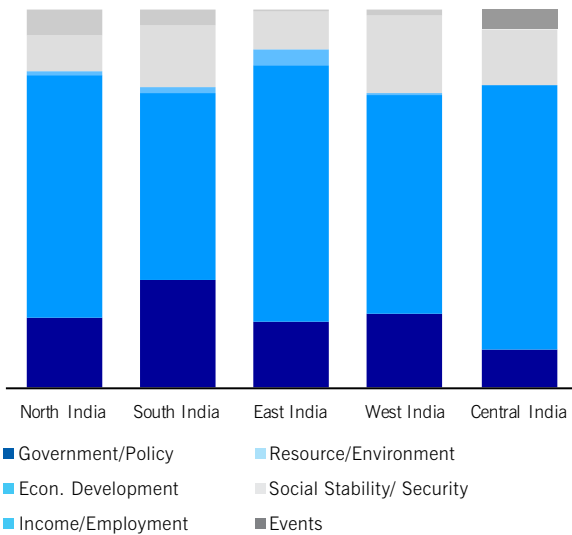
Business Expectations



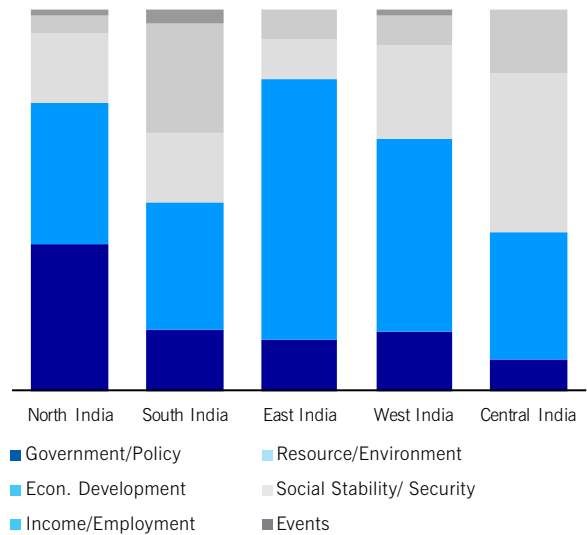
Business Expectations: Better or Worse?
(% of Respondents)



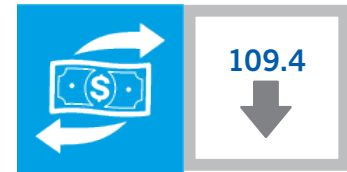
Reasons for Better (% of Respondents)



Reasons for Worse (% of Respondents)



Durable Buying Conditions Lowest Since August 2015



Consumers' willingness to purchase big-ticket items fell for the first time in three months but the magnitude of the decline was enough to drag it to the lowest level since August 2015.

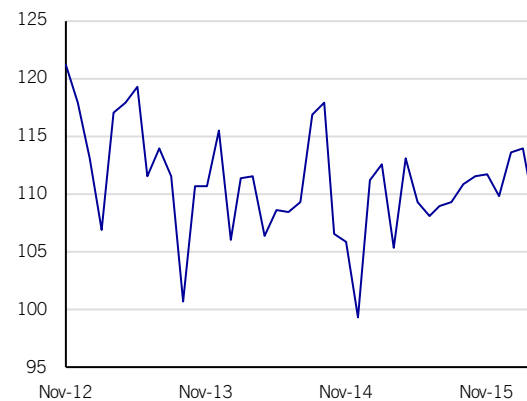
The Durable Buying Conditions Indicator measures consumers' willingness to purchase a large household good and provides a guide to overall consumer spending. It fell to 109.4 in March from 114.0 in February.

The survey shows willingness to purchase large goods has been relatively insulated from subdued household finances. This was the first month sentiment tempered. Despite the fall, it is the only indicator in the survey that has shown signs of resilience, up 3.8% on the year and just a touch below last year's average.

Sentiment has dampened slightly as expected owing to a new levy, Krishi Kalyan cess, on all services, making activities including eating out, watching movies in theatres and payment of bills, more expensive. Locally made mobiles, branded garments, air travel, aerated drinks, cigarettes and smart watches are the among items that have become costlier while footwear, solar lamps, hybrid electric cars and routers cost less following changes in tax structure in the budget.

Over the past few months we have seen that consumer sentiment for spending on shopping, entertainment and intentions to eat out, has eased.

Durable Buying Conditions



The Shopping Expenditure Indicator, which reveals whether consumers expect to increase or decrease spending on shopping over the next three months, fell to 102.0 in March from 113.0 in February. This is the second consecutive fall but still a result above the 100 breakeven level means that respondents planning to raise spending on shopping outnumbered those planning to cut it. The Entertainment Expenditure Indicator was also down to 100.5 from 112.5, the lowest on record and the Dining-Out Indicator fell to 102.0 from 113.1 in February.

Durable Buying Conditions

	Mar-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16
Durable Buying Conditions	105.4	111.5	111.8	109.8	113.5	114.0	109.4

Employment Outlook

Highest Since November 2015



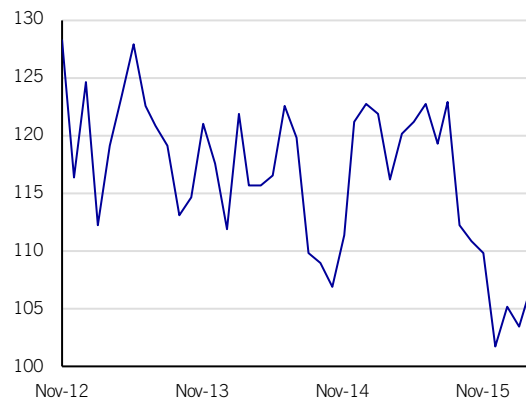
With 46% of respondents expecting the job market to improve over the next 12 months, slightly more than last month, the Employment Outlook Indicator increased to 107.0 from 103.5 in February. The outlook for employment improved in all regions apart from West India in March.

Consumers' expectations for the job market improved significantly in early 2015 and remained elevated until August, after which they fell markedly. Looking deeper into the survey's history, which began in November 2012, it is evident that expectations usually fall in Q3 and then recover in Q4. However, the second half of last year saw an alarming pace of decline with the indicator weakening in Q4. This has continued into the new year with Q1 averaging 105.2, the lowest on record.

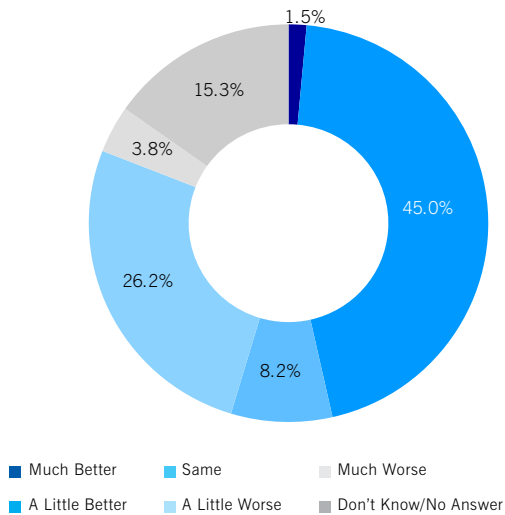
In the budget announced on February 29, the government showed its commitment to boost demand and job creation. Steps were announced to encourage entrepreneurs to set up businesses, including tax exemptions and incentives for investing in start-ups to aid employment generation. Customs and excise duties were changed to encourage domestic production and provide a fillip to the Make in India programme.

While expectations picked up, consumers reported loss of employment as a major reason for saving. Questioned specifically about their reason for saving, the proportion nominating "Future loss of income or employment" as their main motivation accounted for 68.5% in March.

Employment Outlook Indicator



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



Employment Outlook

	Mar-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16
Employment Outlook	116.3	110.8	109.9	101.8	105.1	103.5	107.0

Prices Sentiment Improves in March



Dissatisfaction with the current level of prices decreased for the second month after rising to a record high in January, while consumers' expectations for inflation in the coming 12 months also eased.

The indicator measuring satisfaction with the current level of prices rose for the second consecutive month to 69.9, the highest since November 2015. A figure below 100 indicates wider dissatisfaction, while an outturn above 100 shows increasing satisfaction. With India having been plagued by high inflation for years, the indicator has been above 100 for only three months since the survey started in November 2012.

Official data showed that consumer price inflation fell to 5.2% in February from 5.7% in January, the lowest since October 2015. Food price inflation, which makes up 47.25% of the CPI basket fell to 5.3% on the year in February after rising to an 11-month high of 6.9% in January. Vegetable price inflation eased considerably, with the year-on-year measure up 0.7% compared with 6.4% growth in January, and was 7.9% below the previous month's level. Inflation in pulses which has been burning a hole in Indian households' pockets eased to 38.3% in February from 43.3% in January, contracting on the month for the second consecutive month. Fuel inflation eased to 4.6% in February from 5.3% in January.

Lower discontent with current prices resulted in weaker inflation expectations. In March, the Inflation Expectations Indicator fell 3.5% to 132.4 from

Satisfaction with Current Prices Indicator



Inflation Expectations Indicator



Prices Sentiment

	Mar-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16
Satisfaction with Current Prices	95.4	82.7	78.6	66.8	61.7	64.4	69.9
Inflation Expectations	132.8	142.4	139.2	139.6	137.3	137.2	132.4

Prices Sentiment Regions



137.2 in February. The MNI Inflation Expectations Indicator has closely followed the trend in the RBI's Inflation Expectations Survey of Households, showing a pick-up in expectations since 2015, having troughed recently. In our survey, respondents were divided in their expectations for how much prices will rise over the next 12 months, with the majority expecting prices to rise up to 10% against more than a quarter of respondents who were uncertain about the rate of growth in prices in the coming 12 months.

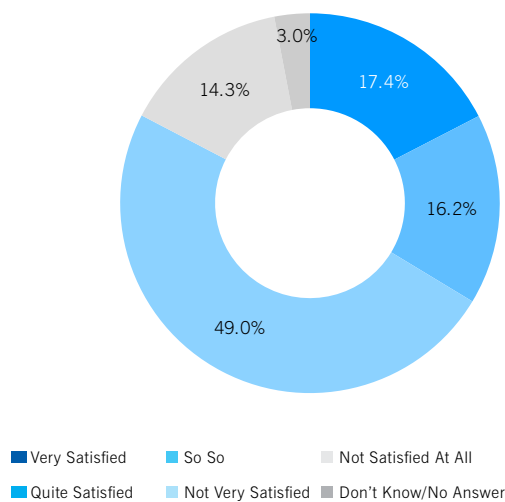
Regions

Dissatisfaction with Current Prices fell in all regions apart from West India in March.

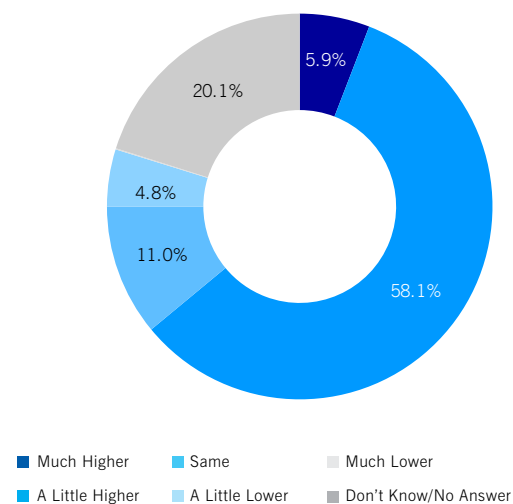
Consumers in East India were more satisfied with prices, with the indicator rising 35.5% on the month to 78.5, the highest since November 2015. Consumer expectations for prices in the next 12 months fell slightly with the indicator falling to the lowest since June 2015.

Consumers in West India were less satisfied with current prices, as evidenced by a 5.6% decline in the Current Prices Satisfaction Indicator to 60.9, the lowest level in the history of the survey. Consumer expectations about inflation inched slightly higher, with the majority expecting prices to rise 10% in the next 12 months.

Satisfaction with Current Prices
(% of Households)

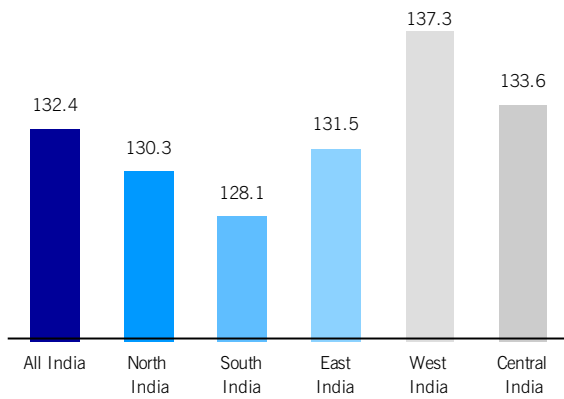


Inflation Expectations in 12 Months
(% of Households)

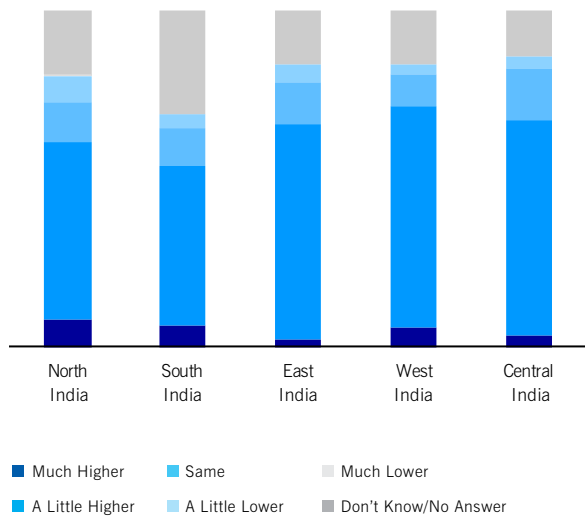




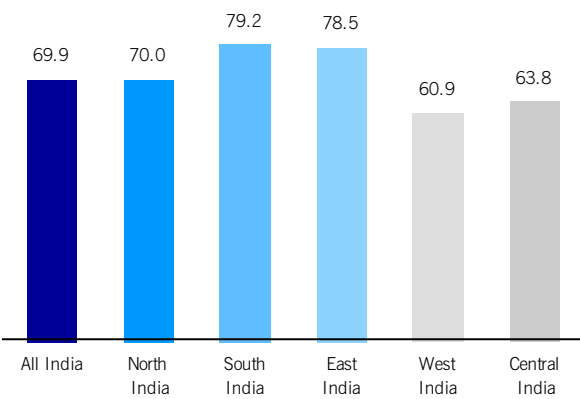
Inflation Expectations Indicator



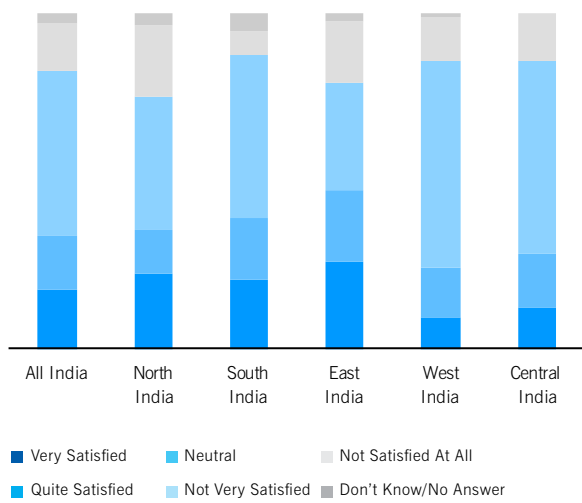
Inflation Expectations in 12 Months (% of Households)



Satisfaction with Current Prices Indicator



Satisfaction with Current Prices (% of Households)



Interest Rate Expectations Highest Since January



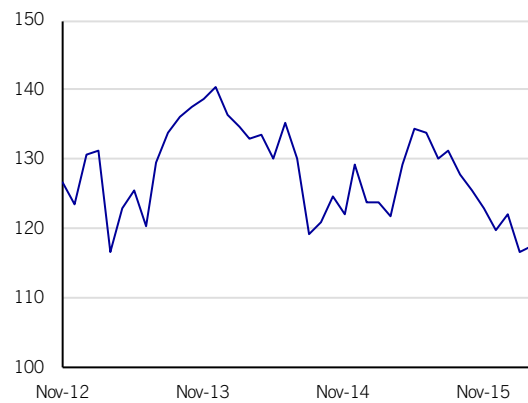
The Interest Rates Expectations Indicator stood at 117.4 compared with 116.7 in February.

Expectations have continued to ease since May last year, leaving the indicator 8.2% below the series average. A third of our panel expected interest rates on car and house loans to rise in the next 12 months, while almost half of them were unsure.

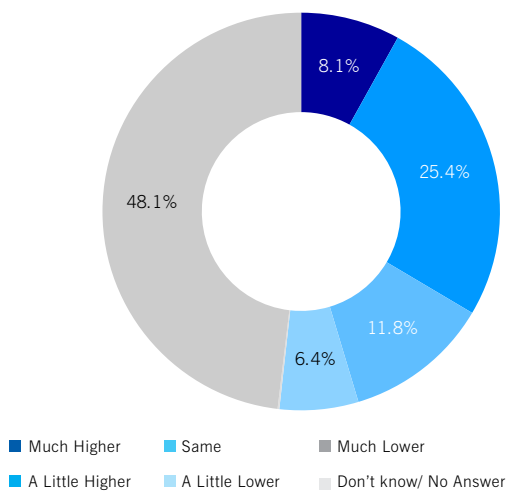
The RBI has cut benchmark interest rates five times since Raghuram Rajan took over as the Governor, having successfully overseen a significant fall in inflation following his appointment in September 2013. The latest monetary policy meeting took place after the survey period had closed where the RBI cut the key policy rate by 25 basis points to 6.5%. Inflation easing along expected trajectory, the Central government sticking to its fiscal deficit target as announced in the Union Budget for 2016-17 and expectations of a favourable monsoon are some of the factors that prompted the Central Bank to go in for the policy rate cut. Given its accommodative stance, the RBI would monitor the inflation situation more closely before it considers a further rate cut.

The percentage of respondents who said they had a home loan increased to 9.1% in March from 5.9% in February. Meanwhile, 10.2% said they had another type of loan (excluding house and car loans) up from 5.7% previously. Although the majority of respondents refused to answer, of those who did have a loan, more was spent on paying it off, with 12.4% of respondents paying down between Rs. 8000-12999 per month in March from 11.4% in February.

Interest Rate Expectations Indicator



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



Interest Rate Expectations

	Mar-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16
Interest Rate Expectations	121.9	125.5	123.1	119.9	122.3	116.7	117.4

Real Estate Investment Indicator Broadly Stable



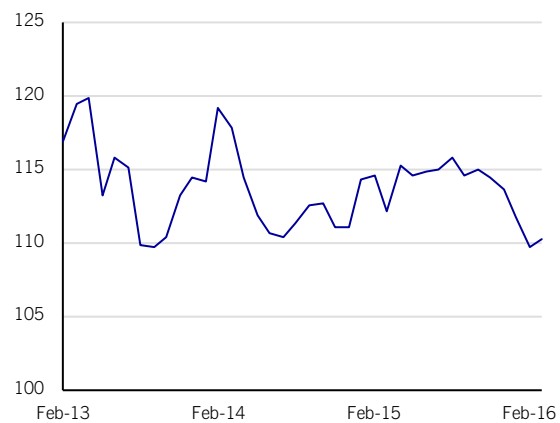
The Real Estate Investment Indicator, which is made up of three components (House Price Expectations, House Buying Sentiment and House Selling Sentiment), stood at 110.2 compared with 109.7 in February.

The House Price Expectations component rose for the first time in five months to 148.5 from 146.7 in February. Expectations trended upwards until May last year and have eased thereafter, although the majority still expects prices to rise in the next six months.

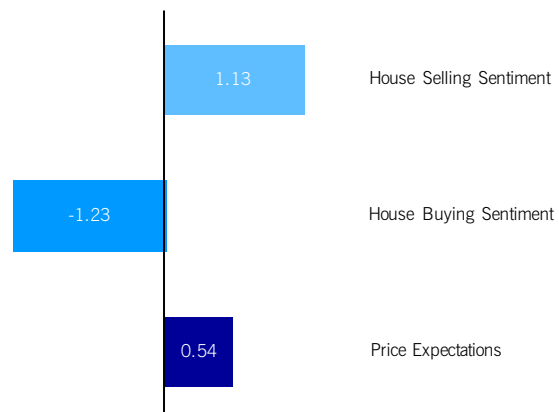
House Buying Sentiment, a measure of whether it is a good or bad time to buy a home in the next six months, fell to 88.6 from 92.7 in February. The indicator has remained below 100 since May 2014, indicating that pessimists outnumber optimists, with the majority attributing lower willingness to purchase a house to low purchasing power. While the Reserve Bank of India cut official interest rates four times last year, and another one in April after the survey had closed, housing sentiment has yet to receive a significant boost.

House Selling Sentiment, a measure of whether it is a good or bad time to sell a house in the next six months, fell to 106.5 in March, offsetting last month's rise to 110.2.

Real Estate Investment Indicator



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



Real Estate Investment Sentiment

	Mar-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16
Real Estate Investment Sentiment	112.1	115.0	114.3	113.5	111.7	109.7	110.2
Price Expectations	149.9	152.3	151.5	148.6	148.6	146.7	148.5
House Buying	91.5	89.8	87.6	93.8	92.6	92.7	88.6
House Selling	105.0	97.1	96.0	101.8	106.2	110.2	106.5

Real Estate Investment Indicator

Components and Balances

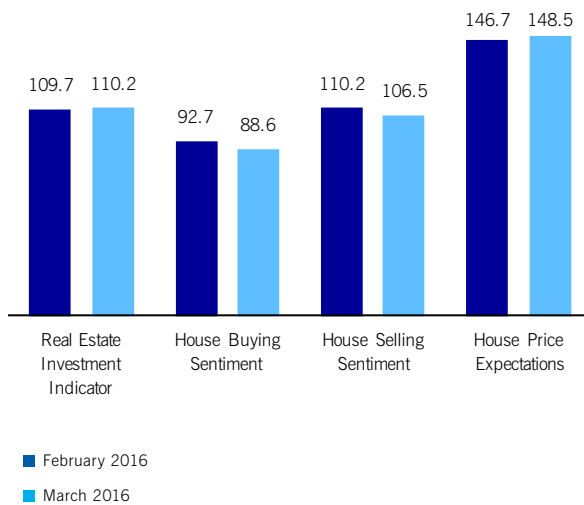


Regions

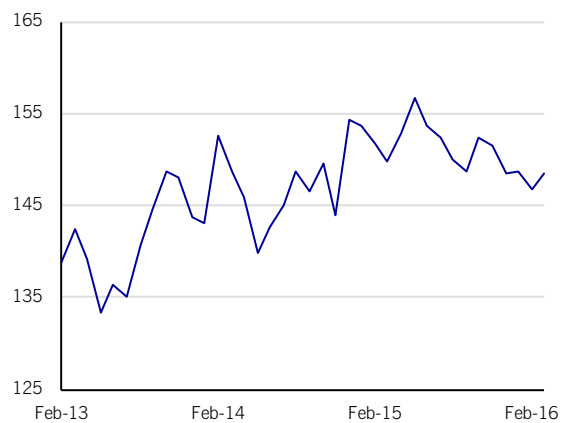
Sentiment surrounding the real estate market rose across all regions of India apart from West India in March. The Real Estate Investment Indicator in West India fell to 112.2 from 113.6 in the previous month. This was led by a fall in House Buying Sentiment, which hit a five-month low and a rise in House Selling Sentiment.

The Real Estate Investment Indicator in Central India rose for the first time in three months, taking it to the highest level since December 2015. The rise was led by a jump in House Buying Sentiment and a fall in House Selling Sentiment, both at the 100 mark. House Buying Sentiment hit 100 for the first time in six months.

Real Estate Investment Indicator - Components



Real Estate Prices: Expected Changes in Next 6 Months



Real Estate Investment Indicator

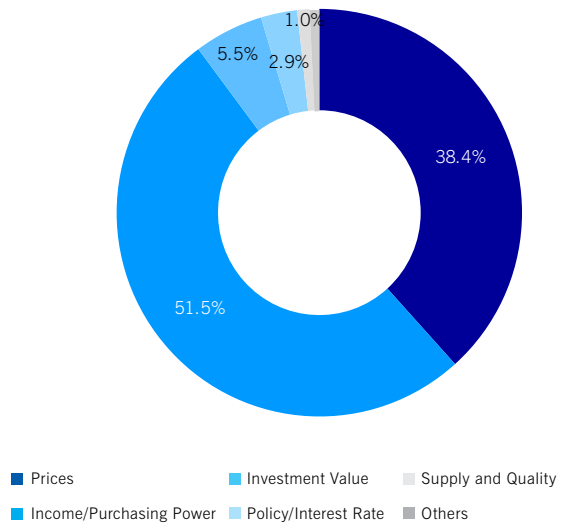
Components and Balances



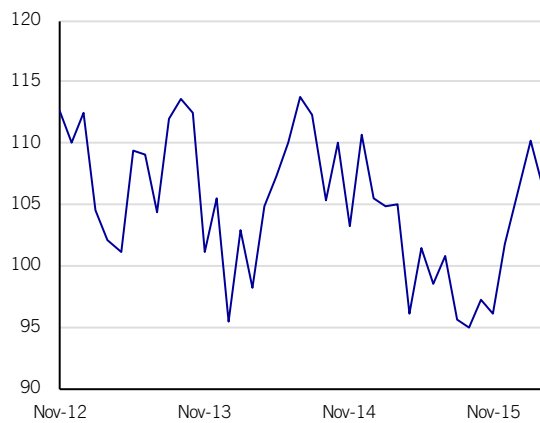
House Buying Sentiment



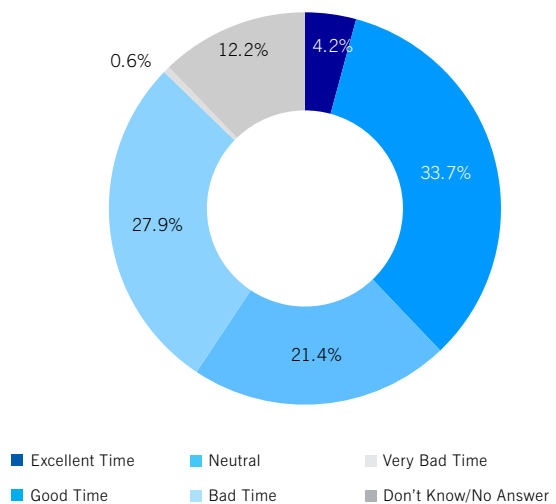
Reasons for Buying Houses (% of Households)



House Selling Sentiment



Timing for Selling Houses (% of Households)



Cars and Two-Wheelers

Highest Since September 2015



A decline in expectations for gasoline prices led to a rise in the Car Purchase Indicator to the highest since September last year while willingness towards car purchases also rose slightly.

The Car Purchase Indicator is made up of two components, Car Purchase Expectations and Price of Gasoline Expectations, with a rise in the latter having a negative impact on the indicator. The indicator rose to 96.3 in March from 91.2 in the previous month. The indicator has remained below the 100 neutral level for over a year.

Since hitting a series high in February last year, the Car Purchase Indicator trended down thanks to a rapid climb in gasoline price expectations before the global glut in oil took its toll in July last year and fuel price expectations fell back. However, consumers' willingness to purchase a car has been in a state of inertia throughout.

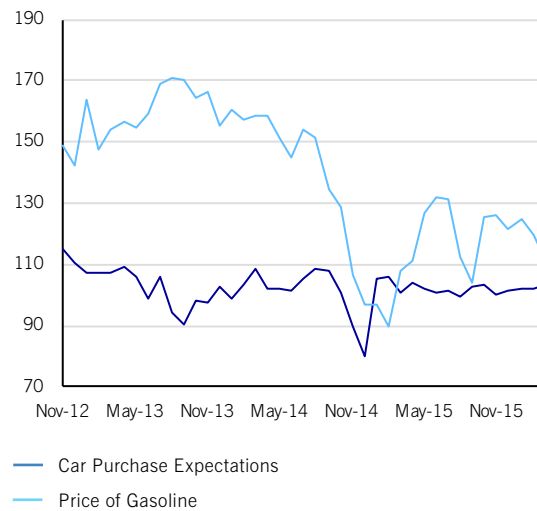
The Car Purchase Expectations component, which gauges whether consumers believe it is a good or bad time to purchase a car over the next 12 months, rose to 103.6 from 102.1 in February. Of those who felt it was a good time to purchase a car, 44.3% of consumers gave credit to attractive interest rates. A growing proportion cited greater purchasing power, although this remained in minority.

When asked specifically if they were planning to buy a car in the next 12 months, the majority were not planning on it. Similarly, the majority of those panellists who already owned a car were not planning to buy a second car.

Car Purchase Indicator



Car Purchase Indicator - Components



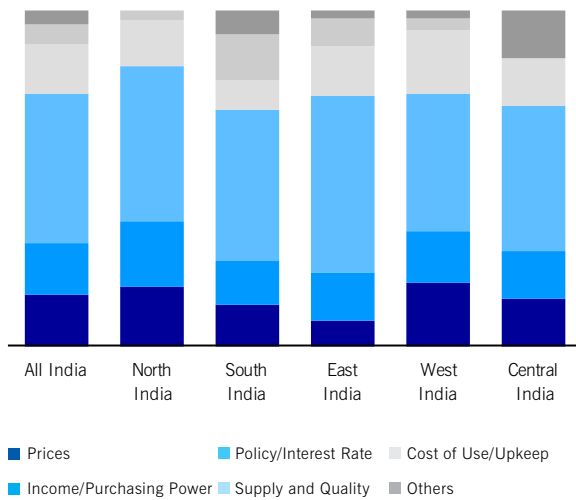
Car Purchase Sentiment

	Mar-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16
Car Purchase Sentiment	96.5	88.9	87.2	89.9	88.9	91.2	96.3
Car Purchase Expectations	100.7	103.2	100.3	101.1	102.3	102.1	103.6
Price of Gasoline	107.6	125.4	125.8	121.3	124.5	119.7	111.1

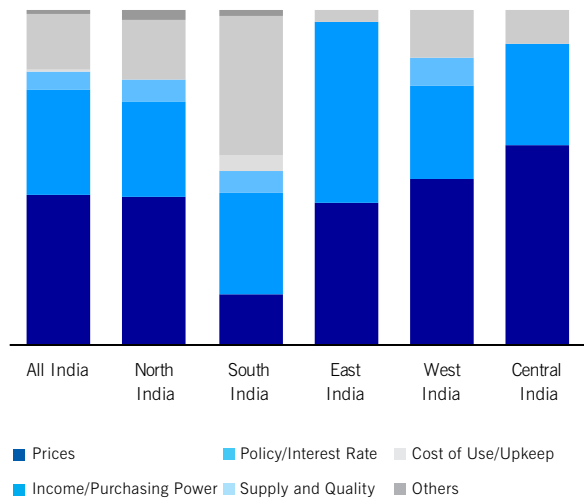
Cars and Two-Wheelers



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



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

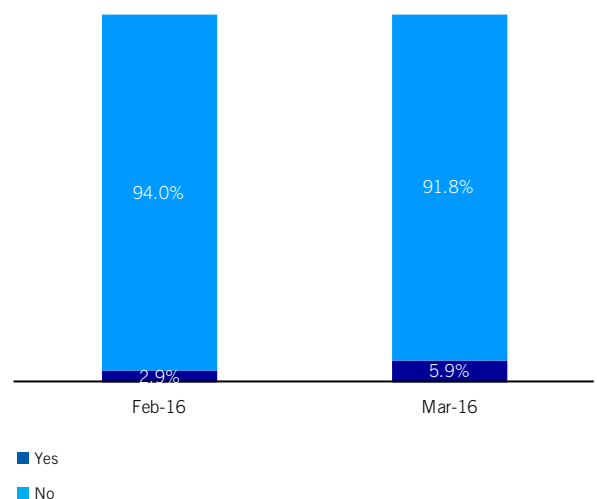


In the latest budget, it was announced that in order to tackle the issues of traffic and pollution, infrastructure cess of 1% will be levied on small petrol/compressed natural gas/liquefied petroleum gas cars, 2.5% on small diesel cars, 4% on big sedans and sports utility vehicles (SUVs) and a 1% additional luxury tax on passenger vehicles priced over Rs. 1 million. This will raise car prices and is likely to dampen sentiment further. However, a focus on rural development schemes is expected to raise farm credit and income and indirectly aid sales of two-wheelers.

Expectations for the Price of Gasoline have followed India's fuel price inflation and global oil prices with the former hitting a record low in February 2015 before recovering. With fuel prices under pressure again, consumers' expectations for the price of fuel fell to 111.1 from 119.7 in February, the lowest in a year.

We have added a new question to the survey assessing sentiment towards purchase of two-wheelers.

Does Your Family Plan to Buy a Two-Wheeler?

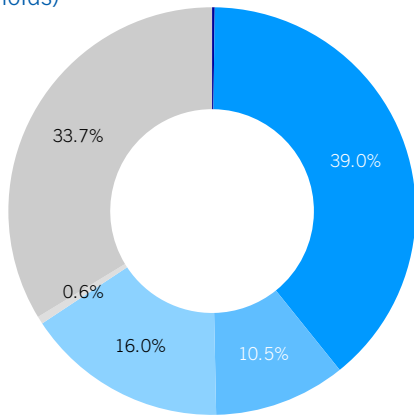


Panellists were asked if they would be buying a two-wheeler in the next 12 months and the majority, at 91.8%, said no. There has been a similar response over the last five months although it should be noted that the series has limited history.

Cars and Two-Wheelers

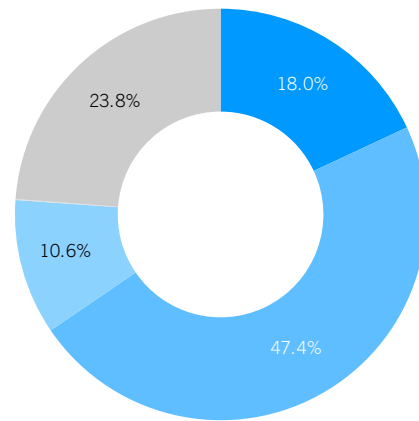


Expected Change in the Price of Gasoline (% of Households)



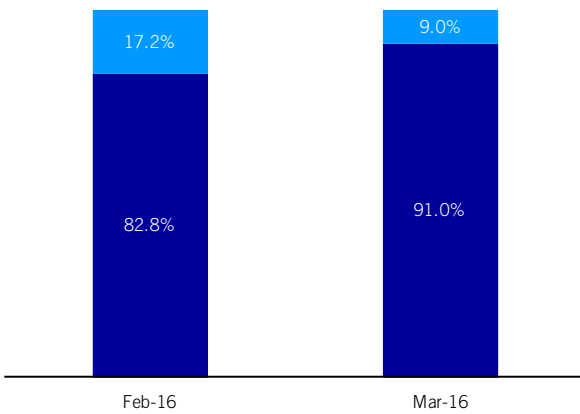
- Go Up Dramatically
- Go Up Slightly
- Stay the Same
- Go Down Slightly
- Go Down Sharply
- Don't Know/No Response

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



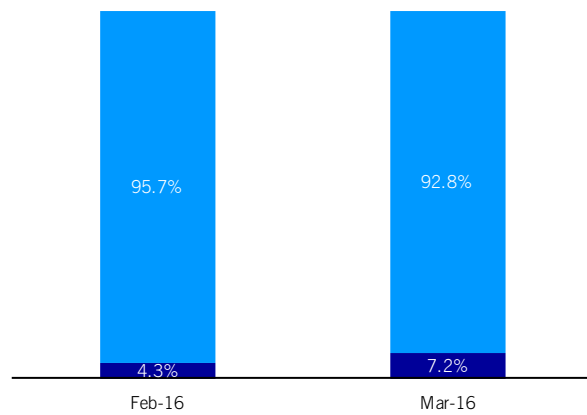
- Excellent
- Good Time
- Neutral
- Bad Time
- Very Bad Time
- Don't Know/No Answer

What Type of Car Will You Buy?



- Brand New
- Second Hand

Does Your Family Plan to Buy a Car in the Next 12 Months

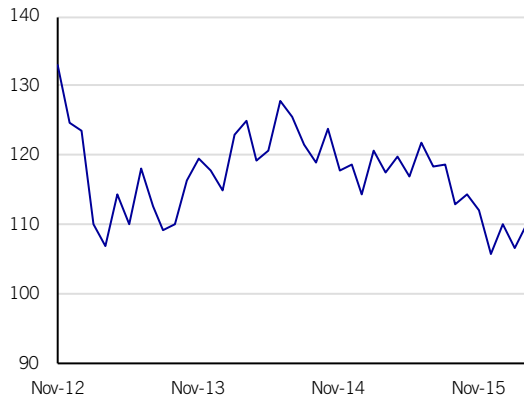


- Yes
- No

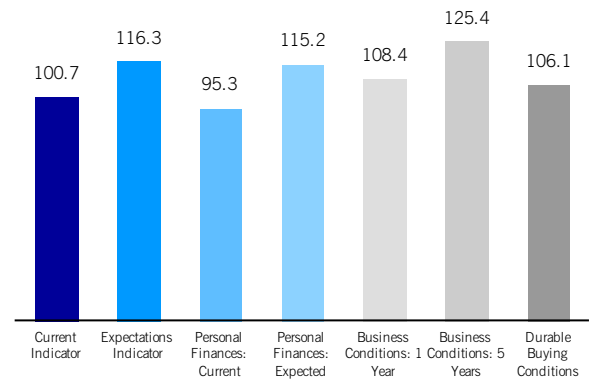
MNI India Consumer Indicator Regions



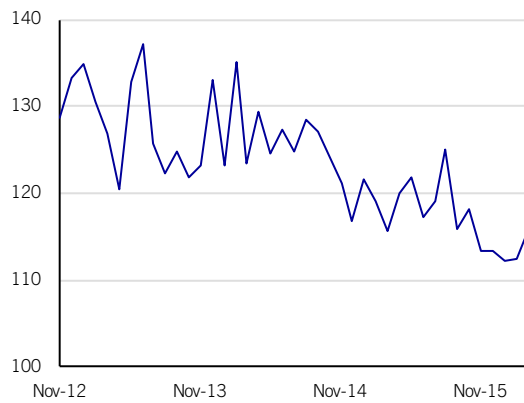
Consumer Indicator: North India



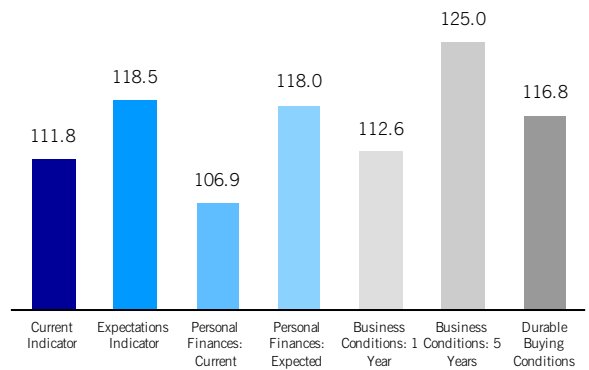
Consumer Indicator Components: North India



Consumer Indicator: South India

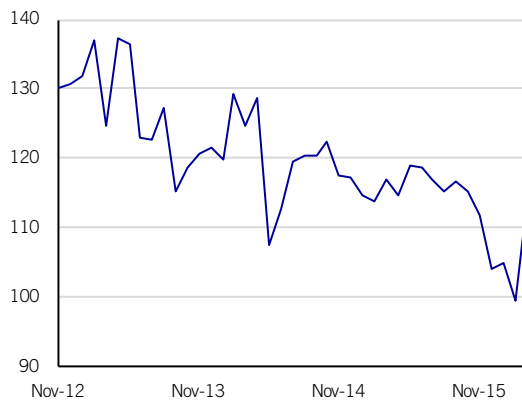


Consumer Indicator Components: South India

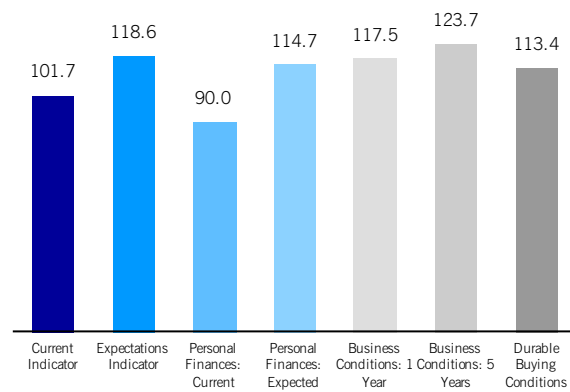




Consumer Indicator: East India



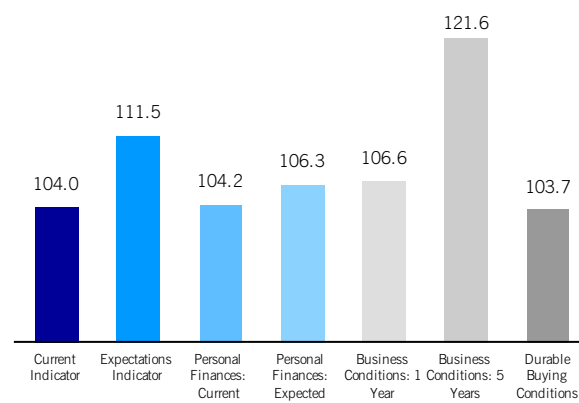
Consumer Indicator Components: East India



Consumer Indicator: West India

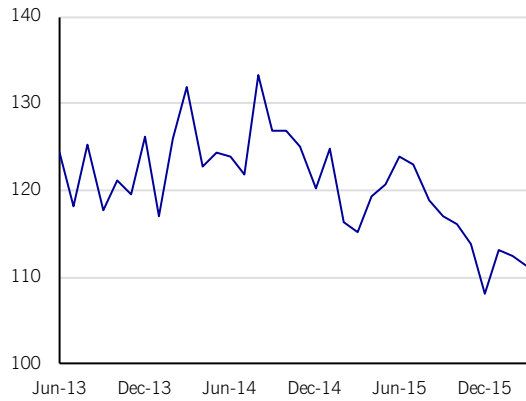


Consumer Indicator Components: West India

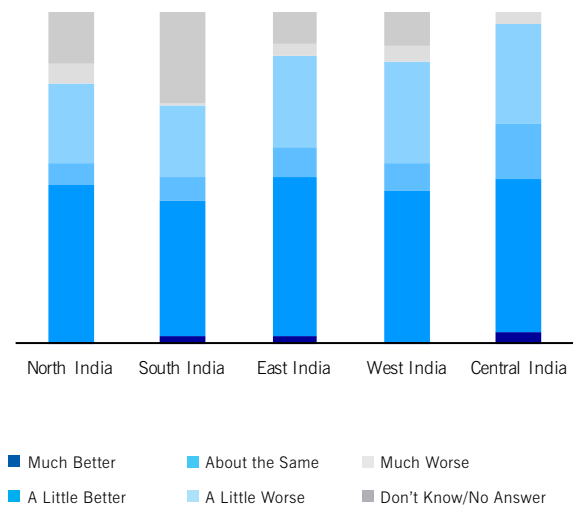




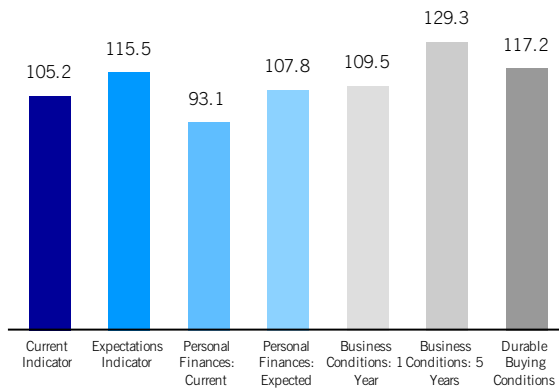
Consumer Indicator: Central India



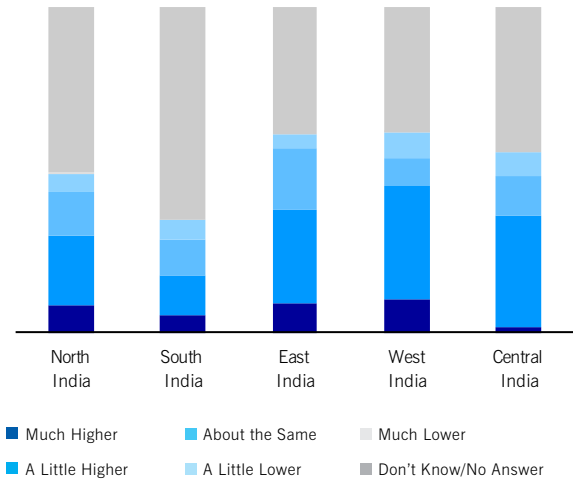
Employment Outlook for the Next 12 Months (% of Households)



Consumer Indicator Components: Central India

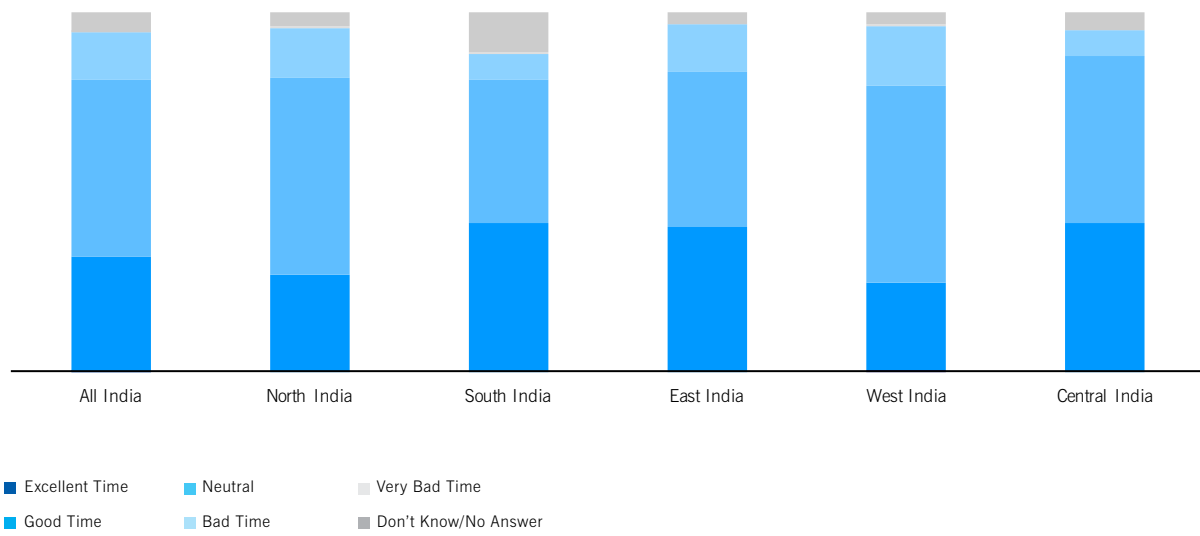


Interest Rate Expectations on House and Car Loans Indicator (% of Households)

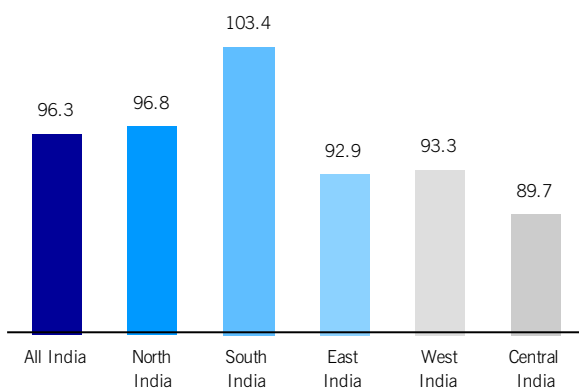




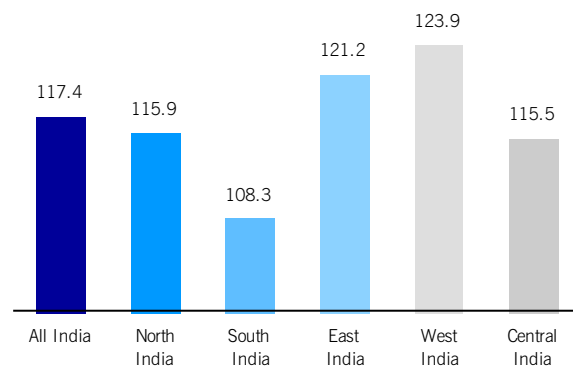
Is it a Good/Bad Time to Buy Large Household Goods? (% of Households)



Car Purchase Indicator - Regions



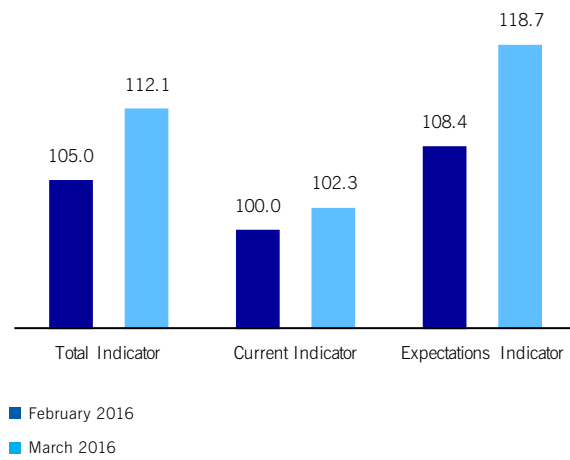
Interest Rates Expectations (% of Households)



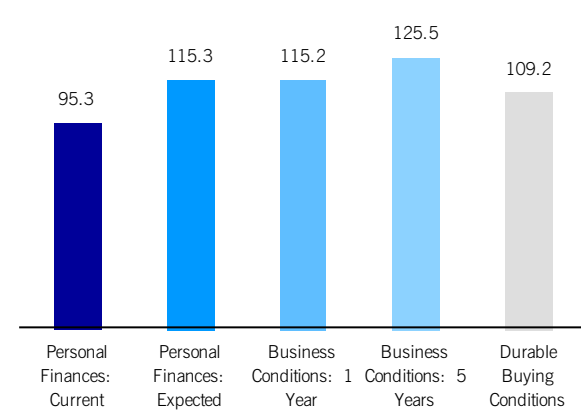
MNI India Consumer Indicator Income Groups



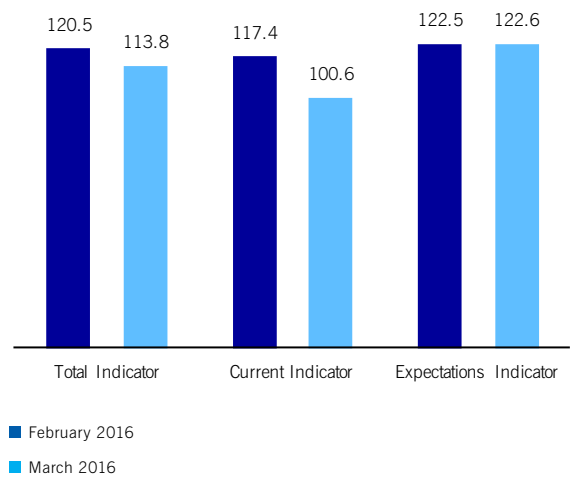
< Rs. 432,000 per annum



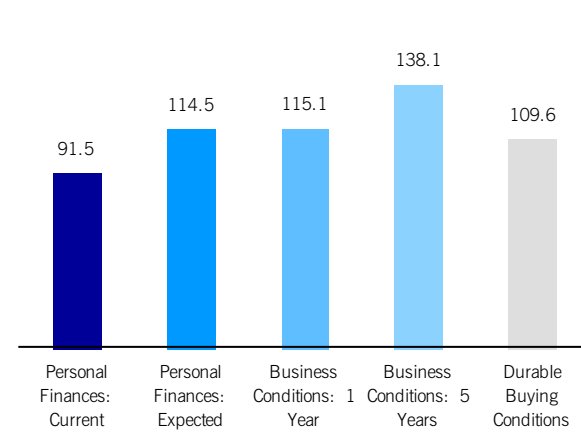
< Rs. 432,000 - Components



> Rs. 432,000 per annum



> Rs. 432,000 - Components



While sentiment among the higher income group has remained above lower income households historically...

...the gap between them has eased subsequently after rising to the highest level in January.



Data Tables

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

North India Overview

	Jan-16	Feb-16	Mar-16	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
North India Consumer Indicator	110.2	106.6	110.1	Jan-16	-	109.0	3.5	3.2%
Current Indicator	107.2	101.5	100.7	-	series low	103.1	-0.8	-0.8%
Expectations Indicator	112.2	110.0	116.3	Oct-15	-	112.8	6.3	5.7%
Personal Finance: Current	101.0	90.1	95.3	Jan-16	-	95.5	5.2	5.8%
Personal Finance: Expected	111.4	109.5	115.2	Oct-15	-	112.0	5.7	5.1%
Business Condition: 1 Year	107.0	102.7	108.4	Nov-15	-	106.0	5.7	5.6%
Business Condition: 5 Years	118.2	117.8	125.4	Aug-15	-	120.5	7.6	6.4%
Durable Buying Conditions	113.5	112.9	106.1	-	Aug-15	110.8	-6.8	-6.1%
Current Business Conditions Indicator	91.5	82.9	87.6	Jan-16	-	87.3	4.7	5.7%
Real Estate Investment Indicator	112.5	109.7	109.9	Jan-16	-	110.7	0.2	0.2%
Car Purchase Indicator	87.5	88.3	96.8	Sep-15	-	90.9	8.5	9.6%
Employment Outlook Indicator	103.5	101.6	106.6	Nov-15	-	103.9	5.0	4.9%
Inflation Expectations Indicator	136.5	136.8	130.3	-	Mar-15	134.5	-6.5	-4.8%
Current Prices Satisfaction Indicator	61.5	58.0	70.0	Nov-15	-	63.2	12.0	20.6%
Interest Rates Expectations Indicator	125.0	116.9	115.9	-	Jun-13	119.3	-1.0	-0.8%

South India Overview

	Jan-16	Feb-16	Mar-16	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
South India Consumer Indicator	112.2	112.4	115.9	Oct-15	-	113.5	3.5	3.1%
Current Indicator	108.4	111.3	111.8	Sep-15	-	110.5	0.5	0.5%
Expectations Indicator	114.7	113.1	118.5	Oct-15	-	115.4	5.4	4.8%
Personal Finance: Current	98.1	101.9	106.9	Sep-15	-	102.3	5.0	4.9%
Personal Finance: Expected	107.9	110.7	118.0	Oct-15	-	112.2	7.3	6.6%
Business Condition: 1 Year	112.2	110.3	112.6	Nov-15	-	111.7	2.3	2.2%
Business Condition: 5 Years	124.0	118.4	125.0	Oct-15	-	122.5	6.6	5.5%
Durable Buying Conditions	118.6	120.7	116.8	-	Nov-15	118.7	-3.9	-3.2%
Current Business Conditions Indicator	101.1	95.2	95.8	Jan-16	-	97.4	0.6	0.7%
Real Estate Investment Indicator	113.6	107.6	109.5	Jan-16	-	110.2	1.9	1.8%
Car Purchase Indicator	98.6	101.0	103.4	Apr-15	-	101.0	2.4	2.4%
Employment Outlook Indicator	105.2	102.9	111.3	Oct-15	-	106.5	8.4	8.1%
Inflation Expectations Indicator	133.9	138.2	128.1	-	Apr-15	133.4	-10.1	-7.3%
Current Prices Satisfaction Indicator	64.5	75.3	79.2	Nov-15	-	73.0	3.9	5.1%
Interest Rates Expectations Indicator	114.5	110.8	108.3	-	Apr-15	111.2	-2.5	-2.3%

Residents of South India were more confident in March regarding the future...

...but cut back their willingness to spend on large household items.

Consumers in East India were less pessimistic about their state of finances and expected them to improve.

The Consumer Indicator jumped 12.4% to 111.9 after falling for the first time below the 100 neutral mark in February.

East India Overview

	Jan-16	Feb-16	Mar-16	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
East India Consumer Indicator	105.0	99.5	111.9	Oct-15	-	105.5	12.4	12.4%
Current Indicator	100.0	94.1	101.7	Dec-15	-	98.6	7.6	8.1%
Expectations Indicator	108.4	103.1	118.6	Oct-15	-	110.0	15.5	15.1%
Personal Finance: Current	91.6	80.9	90.0	Jan-16	-	87.5	9.1	11.3%
Personal Finance: Expected	109.6	97.3	114.7	Oct-15	-	107.2	17.4	17.9%
Business Condition: 1 Year	100.7	101.8	117.5	Oct-15	-	106.7	15.7	15.3%
Business Condition: 5 Years	114.8	110.2	123.7	Sep-15	-	116.2	13.5	12.3%
Durable Buying Conditions	108.3	107.4	113.4	Sep-14	-	109.7	6.0	5.6%
Current Business Conditions Indicator	84.5	84.4	76.7	-	series low	81.9	-7.7	-9.1%
Real Estate Investment Indicator	110.6	105.1	106.2	Jan-16	-	107.3	1.1	1.0%
Car Purchase Indicator	82.4	87.5	92.9	Sep-15	-	87.6	5.4	6.1%
Employment Outlook Indicator	104.5	84.3	109.1	Oct-15	-	99.3	24.8	29.5%
Inflation Expectations Indicator	141.5	140.9	131.5	-	Jun-15	138.0	-9.4	-6.7%
Current Prices Satisfaction Indicator	56.4	57.9	78.5	Nov-15	-	64.3	20.6	35.5%
Interest Rates Expectations Indicator	125.6	118.6	121.2	Jan-16	-	121.8	2.6	2.2%

West India Overview

	Jan-16	Feb-16	Mar-16	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
West India Consumer Indicator	109.2	111.2	108.5	-	series low	109.6	-2.7	-2.4%
Current Indicator	108.6	107.8	104.0	-	series low	106.8	-3.8	-3.6%
Expectations Indicator	109.7	113.4	111.5	-	Jan-16	111.5	-1.9	-1.7%
Personal Finance: Current	105.5	103.9	104.2	Jan-16	-	104.5	0.3	0.4%
Personal Finance: Expected	105.2	108.2	106.3	-	Jan-16	106.6	-1.9	-1.7%
Business Condition: 1 Year	102.2	107.1	106.6	-	Jan-16	105.3	-0.5	-0.4%
Business Condition: 5 Years	121.6	125.0	121.6	-	Jan-16	122.7	-3.4	-2.7%
Durable Buying Conditions	111.6	111.8	103.7	-	Mar-15	109.0	-8.1	-7.3%
Current Business Conditions Indicator	91.5	101.8	95.3	-	Jan-16	96.2	-6.5	-6.4%
Real Estate Investment Indicator	110.8	113.6	112.2	-	Jan-16	112.2	-1.4	-1.2%
Car Purchase Indicator	86.6	87.4	93.3	Sep-15	-	89.1	5.9	6.7%
Employment Outlook Indicator	107.2	113.2	103.4	-	Feb-13	107.9	-9.8	-8.7%
Inflation Expectations Indicator	137.3	136.3	137.3	Jan-16	-	137.0	1.0	0.7%
Current Prices Satisfaction Indicator	62.0	64.5	60.9	-	series low	62.5	-3.6	-5.6%
Interest Rates Expectations Indicator	123.7	122.8	123.9	Nov-15	-	123.5	1.1	0.9%

Central India Overview

	Jan-16	Feb-16	Mar-16	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
Central India Consumer Indicator	113.0	112.5	111.4	-	Dec-15	112.3	-1.1	-1.0%
Current Indicator	110.3	104.7	105.2	Jan-16	-	106.7	0.5	0.4%
Expectations Indicator	114.9	117.6	115.5	-	Jan-16	116.0	-2.1	-1.8%
Personal Finance: Current	104.5	90.6	93.1	Jan-16	-	96.1	2.5	2.8%
Personal Finance: Expected	120.5	116.0	107.8	-	Nov-15	114.8	-8.2	-7.1%
Business Condition: 1 Year	103.6	114.2	109.5	-	Jan-16	109.1	-4.7	-4.1%
Business Condition: 5 Years	120.5	122.6	129.3	Sep-15	-	124.1	6.7	5.4%
Durable Buying Conditions	116.1	118.9	117.2	-	Jan-16	117.4	-1.7	-1.4%
Current Business Conditions Indicator	89.3	96.2	102.6	Oct-15	-	96.0	6.4	6.6%
Real Estate Investment Indicator	107.1	106.9	112.1	Dec-15	-	108.7	5.2	4.8%
Car Purchase Indicator	83.5	94.8	89.7	-	Jan-16	89.3	-5.1	-5.4%
Employment Outlook Indicator	101.8	101.9	107.8	Nov-15	-	103.8	5.9	5.8%
Inflation Expectations Indicator	144.6	132.1	133.6	Jan-16	-	136.8	1.5	1.2%
Current Prices Satisfaction Indicator	60.7	62.3	63.8	Nov-15	-	62.3	1.5	2.5%
Interest Rates Expectations Indicator	125.9	100.0	115.5	Jan-16	-	113.8	15.5	15.5%

All India - Overview by Age

	Jan-16	Feb-16	Mar-16	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
Age 18-34								
MNI India Consumer Indicator	110.1	111.1	112.7	Nov-15	-	111.3	1.6	1.5%
Current Indicator	104.3	107.5	104.0	-	series low	105.3	-3.5	-3.2%
Expectations Indicator	114.0	113.5	118.5	Nov-15	-	115.3	5.0	4.4%
Personal Finance: Current	95.4	98.9	99.7	Dec-15	-	98.0	0.8	0.8%
Personal Finance: Expected	111.1	110.3	114.5	Nov-15	-	112.0	4.2	3.8%
Business Condition: 1 Year	109.2	107.9	113.1	Nov-15	-	110.1	5.2	4.7%
Business Condition: 5 Years	121.5	122.3	128.0	Sep-15	-	123.9	5.7	4.7%
Durable Buying Conditions	113.3	116.1	108.4	-	Mar-15	112.6	-7.7	-6.7%
Age 35-54								
MNI India Consumer Indicator	109.5	106.4	109.3	Jan-16	-	108.4	2.9	2.7%
Current Indicator	107.6	102.3	102.7	Jan-16	-	104.2	0.4	0.3%
Expectations Indicator	110.8	109.1	113.7	Nov-15	-	111.2	4.6	4.2%
Personal Finance: Current	102.6	93.0	96.4	Jan-16	-	97.3	3.4	3.7%
Personal Finance: Expected	108.3	107.2	111.8	Oct-15	-	109.1	4.6	4.2%
Business Condition: 1 Year	104.5	104.6	108.5	Nov-15	-	105.9	3.9	3.8%
Business Condition: 5 Years	119.6	115.5	120.7	Oct-15	-	118.6	5.2	4.5%
Durable Buying Conditions	112.7	111.7	108.9	-	Dec-15	111.1	-2.8	-2.5%
Age 55-64								
MNI India Consumer Indicator	109.9	109.8	111.0	Aug-15	-	110.2	1.2	1.1%
Current Indicator	111.3	106.3	110.5	Jan-16	-	109.4	4.2	4.0%
Expectations Indicator	109.0	112.1	111.4	-	Jan-16	110.8	-0.7	-0.6%
Personal Finance: Current	106.9	97.9	108.3	Aug-15	-	104.4	10.4	10.6%
Personal Finance: Expected	105.8	105.2	108.3	Oct-15	-	106.4	3.1	3.0%
Business Condition: 1 Year	101.3	107.5	105.3	-	Jan-16	104.7	-2.2	-2.1%
Business Condition: 5 Years	119.9	123.6	120.5	-	Jan-16	121.3	-3.1	-2.5%
Durable Buying Conditions	115.8	114.6	112.7	-	Nov-15	114.4	-1.9	-1.7%

All India - Overview by Income

	Jan-16	Feb-16	Mar-16	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
< Rs. 432,000 per annum								
MNI India Consumer Indicator	105.3	105.0	112.1	Aug-15	-	107.5	7.1	6.7%
Current Indicator	97.4	100.0	102.3	Nov-15	-	99.9	2.3	2.3%
Expectations Indicator	110.6	108.4	118.7	Aug-15	-	112.6	10.3	9.5%
Personal Finance: Current	88.5	87.8	95.3	Dec-15	-	90.5	7.5	8.5%
Personal Finance: Expected	111.5	106.9	115.3	Nov-15	-	111.2	8.4	7.9%
Business Condition: 1 Year	104.5	103.2	115.2	Jul-15	-	107.6	12.0	11.6%
Business Condition: 5 Year	115.8	115.2	125.5	Aug-15	-	118.8	10.3	9.0%
Durable Buying Conditions	106.3	112.1	109.2	-	Jan-16	109.2	-2.9	-2.5%
> Rs. 432,000 per annum								
MNI India Consumer Indicator	124.8	120.5	113.8	-	Dec-15	119.7	-6.7	-5.6%
Current Indicator	124.2	117.4	100.6	-	series low	114.1	-16.8	-14.3%
Expectations Indicator	125.3	122.5	122.6	Jan-16	-	123.5	0.1	0.0%
Personal Finance: Current	117.4	113.4	91.5	-	series low	107.4	-21.9	-19.3%
Personal Finance: Expected	126.8	119.2	114.5	-	Dec-15	120.2	-4.7	-3.9%
Business Condition: 1 Year	124.2	115.8	115.1	-	Dec-15	118.4	-0.7	-0.6%
Business Condition: 5 Year	124.9	132.7	138.1	Jul-15	-	131.9	5.4	4.1%
Durable Buying Conditions	130.9	121.3	109.6	-	May-14	120.6	-11.7	-9.7%

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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