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# MNI India Consumer Report April 2016

Insight and data for better decisions



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# Executive Summary

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The MNI India Consumer Sentiment Indicator rose 2% to 113.4 in April from 111.2 in March.



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

The MNI India Consumer Sentiment Indicator rose 2% to 113.4 in April from 111.2 in March. Sentiment, though, was down 7.1% compared with the same month a year ago, and 6% below the series average. More positively, it is up from the recent trough seen in December, which had left it at the lowest level in the history of the survey. The rise in April marks a good start to Q2, after it fell to a record low level in the previous quarter. Should this optimism continue it could prompt a turnaround in overall consumer spending.

The rise in confidence was mainly driven by the expectation of better things to come in the future. The Expectations Indicator, which is made of three forward-looking components, rose to 118.7 from 115.5 in the previous month, the highest since August 2015. Meanwhile, views about the current situation improved slightly to 105.5 after falling to a historical low of 104.8 in March.

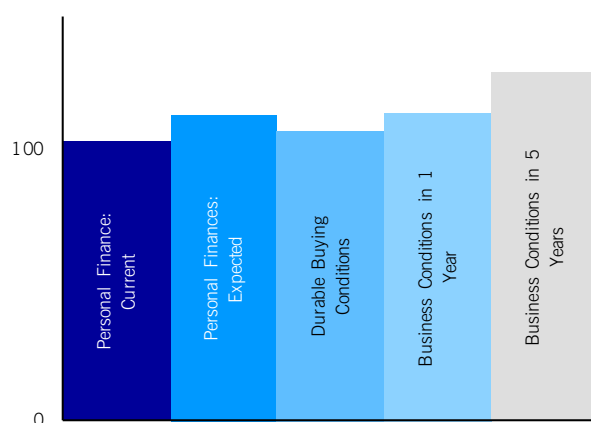
Respondents' assessment of household finances improved, with the current measure rising further above the 100 mark, indicating optimists outnumbered pessimists. More consumers reported higher income as the reason behind better finances, while a rising proportion of the panel credited it to better employment. Consumers were less downbeat about the current business environment, and greater optimism in the general economy also influenced expectations for business conditions ahead and the outlook for employment. The Current Business Conditions Indicator rose sharply to 98.6 in April from a record low of 91.5 in the previous month. The indicator for Business Conditions in One Year rose for the third consecutive month while that for five years rose the highest since August last year.

Of the five components that comprise the Consumer Indicator, only Durable Buying Conditions fell this month. It seems like the hike in the service tax and a

new levy on all services, announced in the budget in February, has tempered sentiment. Our survey shows that sentiment towards shopping, entertainment and intentions to eat out, has eased.

A sharp rise in expectations for gasoline prices led to a decline in the Car Purchase Indicator to the lowest since July last year while willingness towards car purchases remained broadly stable.

MNI India Consumer Indicator - Components



## All India - Overview

	Feb-16	Mar-16	Apr-16	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
<b>MNI India Consumer Indicator</b>	108.9	111.2	113.4	Nov-15	-	111.2	2.2	2.0%
Current Indicator	105.1	104.8	105.5	Jan-16	-	105.1	0.7	0.7%
Expectations Indicator	111.4	115.5	118.7	Aug-15	-	115.2	3.2	2.8%
Personal Finance: Current	96.2	100.1	103.5	Nov-15	-	99.9	3.4	3.4%
Personal Finance: Expected	108.1	112.4	113.2	Oct-15	-	111.2	0.8	0.7%
Business Condition: 1 Year	106.4	110.1	113.9	Nov-15	-	110.1	3.8	3.5%
Business Condition: 5 Years	119.6	124.1	129.0	Aug-15	-	124.2	4.9	4.0%
Durable Buying Conditions	114.0	109.4	107.4	-	Mar-15	110.3	-2.0	-1.8%
Current Business Conditions Indicator	93.0	91.5	98.6	Nov-15	-	94.4	7.1	7.7%
Real Estate Investment Indicator	109.7	110.2	115.0	Aug-15	-	111.6	4.8	4.4%
Car Purchase Indicator	91.2	96.3	86.1	-	Jul-15	91.2	-10.2	-10.5%
Employment Outlook Indicator	103.5	107.0	111.2	Sep-15	-	107.2	4.2	3.9%
Inflation Expectations Indicator	137.2	132.4	140.7	Oct-15	-	136.8	8.3	6.3%
Current Prices Satisfaction Indicator	64.4	69.9	69.6	-	Feb-16	68.0	-0.3	-0.4%
Interest Rates Expectations Indicator	116.7	117.4	124.9	Oct-15	-	119.7	7.5	6.3%

## All India - Summary

	2015									2016			
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
<b>MNI India Consumer Indicator</b>	122.1	119.6	119.5	118.6	119.1	115.3	114.1	113.7	108.5	109.8	108.9	111.2	113.4
Current Indicator	115.7	113.5	111.2	109.6	110.2	110.5	108.0	109.9	105.4	107.2	105.1	104.8	105.5
Expectations Indicator	126.4	123.7	125.1	124.6	125.1	118.5	118.2	116.2	110.6	111.6	111.4	115.5	118.7
Personal Finance: Current	118.3	117.7	114.4	110.3	111.1	110.1	104.4	108.0	101.0	100.8	96.2	100.1	103.5
Personal Finance: Expected	120.8	119.1	120.9	119.3	119.3	115.7	113.9	112.4	107.6	108.8	108.1	112.4	113.2
Business Condition: 1 Year	123.8	121.1	122.5	121.1	122.6	115.5	118.4	114.5	107.4	105.6	106.4	110.1	113.9
Business Condition: 5 Years	134.5	131.0	131.9	133.4	133.4	124.4	122.1	121.7	116.7	120.4	119.6	124.1	129.0
Durable Buying Conditions	113.0	109.2	108.0	109.0	109.3	110.8	111.5	111.8	109.8	113.5	114.0	109.4	107.4
<b>Current Business Conditions Indicator</b>	114.4	113.0	112.4	107.9	111.0	108.8	107.0	105.2	95.6	92.7	93.0	91.5	98.6
<b>Real Estate Investment Indicator</b>	115.3	114.6	114.8	115.0	115.7	114.5	115.0	114.3	113.5	111.7	109.7	110.2	115.0
House Price Expectations	152.9	156.6	153.7	152.4	149.9	148.8	152.3	151.5	148.6	148.6	146.7	148.5	159.5
House Buying Sentiment	88.9	88.4	89.3	93.3	93.0	89.7	89.8	87.6	93.8	92.6	92.7	88.6	87.6
House Selling Sentiment	96.0	101.4	98.5	100.8	95.7	95.0	97.1	96.0	101.8	106.2	110.2	106.5	102.0
<b>Car Purchase Indicator</b>	96.3	87.7	84.6	84.9	93.4	99.2	88.9	87.2	89.9	88.9	91.2	96.3	86.1
Car Purchase Expectations	103.8	102.1	101.0	101.1	99.2	102.6	103.2	100.3	101.1	102.3	102.1	103.6	103.2
Price of Gasoline Expectations	111.2	126.6	131.8	131.3	112.4	104.1	125.4	125.8	121.3	124.5	119.7	111.1	131.0
<b>Employment Outlook Indicator</b>	120.1	121.1	122.7	119.3	122.9	112.3	110.8	109.9	101.8	105.1	103.5	107.0	111.2
Inflation Expectations Indicator	134.2	138.7	136.3	140.4	137.5	137.7	142.4	139.2	139.6	137.3	137.2	132.4	140.7
Current Prices Satisfaction Indicator	92.6	86.7	89.1	87.7	89.6	85.1	82.7	78.6	66.8	61.7	64.4	69.9	69.6
Interest Rates Expectations Indicator	129.2	134.3	133.7	130.1	131.2	127.8	125.5	123.1	119.9	122.3	116.7	117.4	124.9

## All India - Records

	2012-Current			
	Minimum	Maximum	Mean	Median
<b>MNI India Consumer Indicator</b>	108.5	133.7	120.6	121.0
Current Indicator	104.8	128.3	113.6	113.9
Expectations Indicator	110.6	137.3	125.3	126.3
Personal Finance: Current	96.2	135.4	116.1	116.5
Personal Finance: Expected	107.6	141.5	124.1	124.1
Business Condition: 1 Year	105.6	131.8	120.0	119.8
Business Condition: 5 Years	116.7	144.5	131.7	132.6
Durable Buying Conditions	99.4	121.1	111.0	111.0
<b>Current Business Conditions Indicator</b>	91.5	124.9	110.6	111.2
<b>Real Estate Investment Indicator</b>	109.7	119.9	113.7	114.2
House Price Expectations	133.3	159.5	147.1	148.6
House Buying Sentiment	87.6	121.5	99.0	96.4
House Selling Sentiment	95.0	113.7	104.9	105.0
<b>Car Purchase Indicator</b>	60.1	108.1	82.1	83.5
Car Purchase Expectations	79.7	114.8	102.3	102.4
Price of Gasoline Expectations	89.5	171.0	138.0	143.6
<b>Employment Outlook Indicator</b>	101.8	128.3	116.5	117.1
Inflation Expectations Indicator	119.0	159.2	140.0	138.2
Current Prices Satisfaction Indicator	61.7	115.9	83.2	84.2
Interest Rates Expectations Indicator	116.6	140.4	127.8	128.5



# Consumer price inflation softened to a six-month low of 4.8% in March...

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...led by an easing in inflation for food & beverages, fuel & light as well as core inflation.



# Economic Landscape

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The latest monthly economic data has been positive for India.



The latest monthly economic data for India has been positive. CPI inflation softened to a six-month low of 4.8% in March, led by an easing in inflation for food & beverages, fuel & light as well as core inflation. The monthly trade deficit narrowed to a five-year low of \$5.1 billion in March from \$6.5 billion in February, helped by the seasonal narrowing and encouraging trends in both exports and imports. After three successive disappointing months, industrial production grew by 2% on the year in February. The pickup was broad-based with capital goods, consumer durables, basic and intermediate goods all showing healthy increases. Only consumer non-durables underperformed, likely reflecting the woes of the rural economy. With the Met's first forecast indicating a healthy monsoon, the outlook for non-durables could improve later in the year.

In line with expectations, the RBI reduced the policy repo rate by 25 basis points to 6.5% in April. The RBI noted that inflation had eased along its expected trajectory, the Central government had stuck to its fiscal deficit target, interest rates on small savings had been reduced and there were expectations of a favourable monsoon.

### Growth in GDP eases in Q3

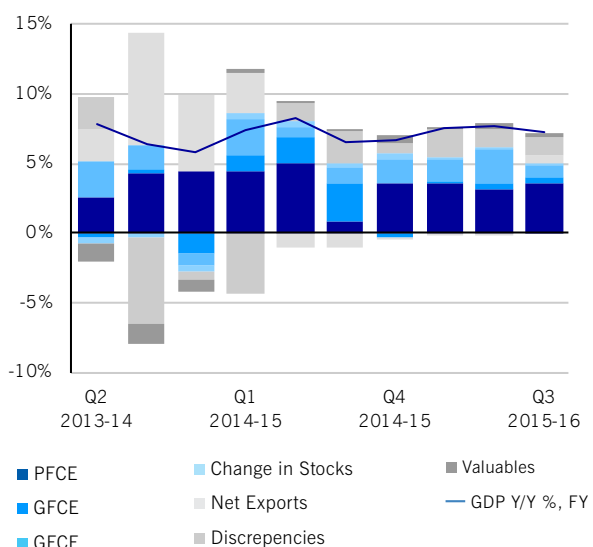
Latest GDP data showed that India's economy grew by 7.3% on the year in the October-December quarter, down from 7.7% in the previous quarter (revised up from 7.4% previously), although higher than the 6.6% growth recorded in the October-December quarter last year.

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-December 2015, which averaged just 1.8% growth in that quarter. Moreover, construction growth improved to 4% in Q3FY16 from a low of 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

Contribution to GDP Growth



Source: Central Statistics Office



positively. Although the pace of contraction of imports and exports accelerated, the fall in imports outweighed 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 in Q4 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.

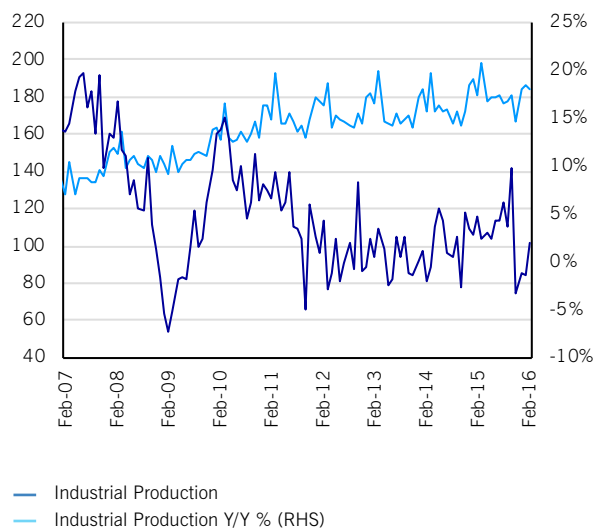
#### Output grows for the first time in four months

Industrial production grew 2% on the year in February following a contraction of 1.5% in the previous month. This was the highest growth since October last year following three months of contraction due to floods in South India and lower number of working days on account of Diwali.

The growth in industrial production was broad-based. Manufacturing output, which forms three quarters of industrial production, increased 0.7% on the year after three months of contraction. On a three month-on-month basis, although production growth was negative, the pace of decline eased. Electricity production grew by 9.6% on the year, the highest in five months while mining output rose 5%, the highest in four months.

According to use-based classification, basic goods production increased 5.4% on the year in February from 2.1% in January (revised up from 1.8% previously), while production of consumer goods grew marginally

#### Industrial Production



Source: Central Statistics Office

when compared with the previous year. Output of consumer durables grew by 9.7% on the year while non-durables continued to contract. The weakness in consumer non-durables is reflective of depressed conditions in the rural economy due to successive droughts. With the Met's first forecast indicating a healthy monsoon, the outlook for non-durables could improve later in the year.

On the investment side, capital goods production contracted 9.8% on the year in February, making it the fourth month of contraction, tempering the momentum seen last year, which saw average growth of 3.8%, the highest since 2010. On a three month on three month basis though, production expanded 6.3%, the highest growth since March 2015.

Production averaged 1.8% 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. With the average of January and February at just 0.3%, a significantly lower platform for Q4 growth has been set.

The more frequently updated data for the core sector, which is comprised of eight industries and forms 38% of industrial production, rose 6.4% on the year in

March from 5.7% in February, the fastest rate of growth since November 2014. This month, production of fertiliser was the front-runner, up 23% on the year, the fastest growth since 2009. Cement, refinery products and electricity production also increased at healthy rates. With infrastructure production comprising 38% of industrial production and having a high correlation with it, we expected industrial production to also exhibit higher growth rates.

#### RBI Consumer Confidence improves in March

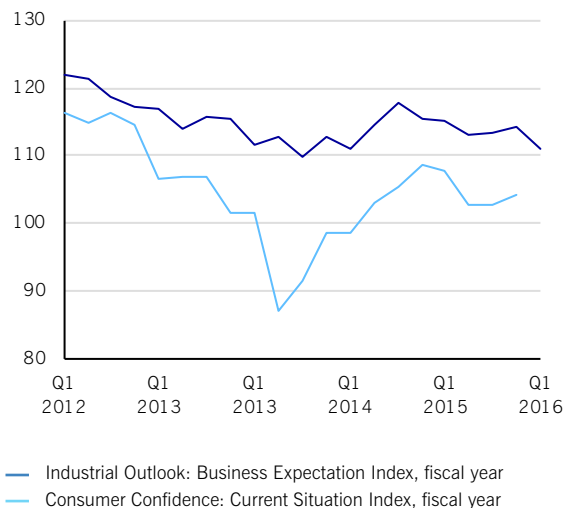
The RBI's Consumer Confidence survey showed that the Current Situation Index (CSI), an assessment of consumer sentiment, rose to 104.1 in the quarter ending March 2016 from 102.9 in the quarter ending December. This was below the 108.6 value recorded in March 2015.

The perception 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, both the outlook as well as the current perception towards employment conditions deteriorated during March, with the latter entering negative territory.

With regards to price levels, current as well as one-year ahead sentiment showed an improvement in this round of the survey. Despite this, the perception of respondents on spending (both current and future) has been persistently declining since June 2015. However, it continues to be strong, with more than 75% of respondents reporting 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. In April, sentiment rose 2% to 113.4, the highest since November 2015. The rise in overall confidence was mainly driven by the expectation of better things to come in the future rather than optimism in current conditions.

#### RBI Business and Consumer Sentiment



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 and 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 2016, 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 the rupee to turn unfavourable for their business operations along with higher input prices.

#### Inflation falls to a six-month low in March

Consumer price inflation eased to 4.8% in March from 5.3% in February, the lowest since September last year. Price inflation has come down significantly since last summer with inflation considerably below March 2015's outturn of 5.3%.

Food price inflation, which makes up 47.25% of the CPI basket, fell for the second consecutive month to 5.2% on the year in March from 5.3% in February, led by several items including milk, fruits, pulses and eggs. Food prices remained the same after declining for the previous three months. While prices of vegetables were up 0.5% on the year, they have been falling over the past six months. Inflation in pulses which has been burning a hole in Indian households' pockets eased to a six-month low of 34.2% in March, making it the third consecutive month of contraction. Fuel inflation eased to 3.4% on the year in March from 4.6% in February. On a three month on three month basis, it has been falling since the start of the year. With global commodity prices still relatively weak, we expect fuel price inflation to remain muted. After stripping out the more volatile components (food and beverages and fuel and light), core inflation eased to 4.7% from 5% in the previous month, making it the first decline in seven months.

Rural CPI inflation eased to 5.7% in March from 6.1% in February, led by a decline in food inflation to 5.8% from 6% in February. Urban CPI inflation fell to 3.9% in March from 4.3% in the previous month, with food price inflation falling to 4% from 4.2% in February.

Going forward, the RBI expects inflation to be around 5% by the end of 2016-17 under the assumption of a normal monsoon, following two years of deficient rains and subdued crude oil prices. This is compounded with further good news from the India Meteorological Department (IMD) having forecast an above normal monsoon this year. However, there are risks emanating from the implementation of the seventh Central Pay

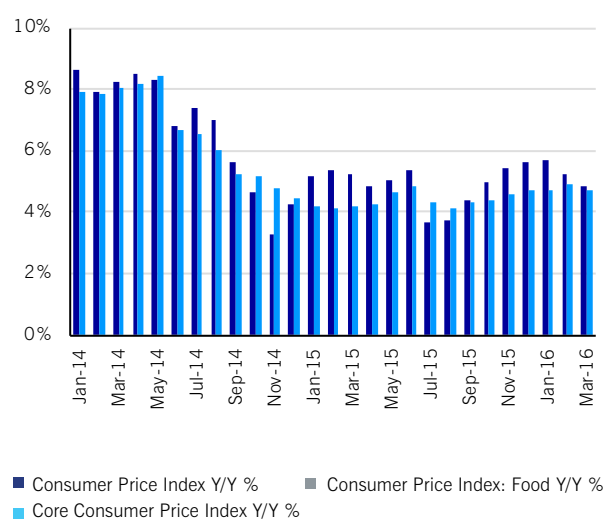
Commission, which will raise salaries of Central Government employees and pensioners by almost 25% as well as any further upward push from commodity prices.

#### Repo rate cut by 25 basis points to 6.5%

In line with expectations, the Reserve Bank of India reduced the policy repo rate by 25 basis points to 6.5%. Inflation easing along its 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.

The RBI 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 +/- 100 bps to +/- 50 bps with a view to ensuring a

#### Consumer Price Inflation



Source: Central Statistics Office



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 interim 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 reflected in lower trade growth, weak performance of the corporate sector and risk aversion in the banking system is expected to act as dampeners. Amid 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. 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.

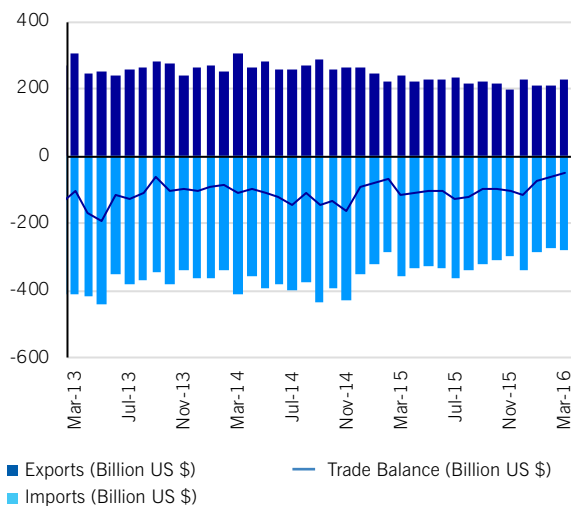
Other reform measures proposed include improving the transportation sector, the setting up of a specialised resolution mechanism to deal with bankruptcy situations in the financial sector and expanding the coverage of direct transfer benefits to products like fertilisers. Improving the targeting of beneficiaries 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 rate 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 billion that was announced in the Indradhanush policy, 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 deficit narrows to a five-year low**

The trade deficit fell in March to \$5.1 billion from \$6.5 billion in February and was 55.5% below the \$11.4 billion shortfall recorded in March last year.

### Trade Balance



Source: Ministry of Commerce and Industry

Exports contracted 5.5% on the year to \$22.7 billion, the 16th 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 21.6% on the year but were 1.9% above last month's level at \$27.8 billion. Gold imports declined sharply in March to \$1.1 billion from \$1.5 billion in February and \$3.2 billion in January as demand collapsed on the back of the jeweller's strike against excise duty hike, leading to a slowdown in demand for gold. Oil imports remained broadly stable at \$4.8 billion in March and with prices firming materially over the last three 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, were up 4.3% from last month, although when compared with last year they were down by the same magnitude. 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 \$12.3

billion from \$12.6 billion in January. Payments for India's service imports were up 5.1% on the month to \$7.2 billion in February.

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

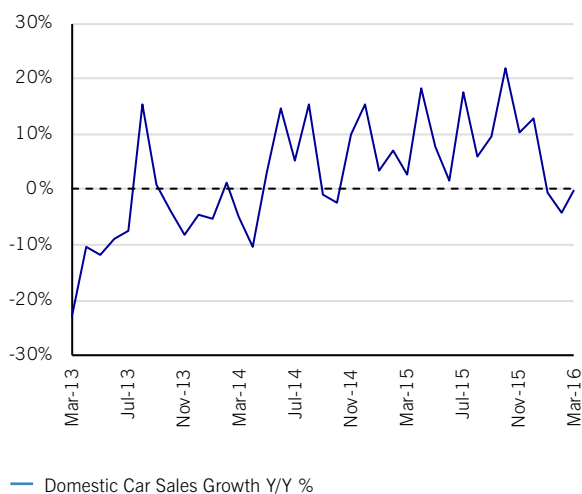
### Strongest growth in car sales since October 2015

Car sales in India fell 0.3% in March, following a decline of 4.2% on the year in February. However, on a month-on-month, sales were up 6.8% from last month following a decline in the past four months.

Sales of commercial vehicles grew by 22% on the year in March, up from 19.9% in February, and 17.5% in January, making it the fourth consecutive double-digit increase. On a three month year-on-year basis, sales have grown by double-digits for the past six consecutive months and have grown by 12.7% on a three month month-on-month basis, suggesting that the pace of growth in the industrial sector is set to accelerate.

Sales of two-wheelers were up 10.9% on the year in March from 12.8% in February. On a monthly basis as well, sales were up 7.7% after remaining flat in the previous month. Sales of scooters grew by 13.7% on

### Car Sales



Source: Society of Indian Automobile Manufacturers

the year and sales of motorcycles were up 10.1% 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

	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16
Consumer Price Index (Y/Y %)	5.0	5.4	5.6	5.7	5.3	4.8	-
Wholesale Price Index (Y/Y %)	-3.7	-2.0	-1.1	-1.1	-0.9	-0.9	-
Industrial Production (Y/Y %)	9.9	-3.4	-1.2	-1.5	2.0	-	-
Car Sales (Y/Y %)	21.8	10.4	12.9	-0.7	-4.2	-0.3	-
Trade Balance (Billion US \$)	-9.5	-10.2	-11.5	-7.6	-6.5	-5.1	-
Exports (Billion US \$)	21.4	19.5	22.5	21.1	20.7	22.7	-
Imports (Billion US \$)	31.0	29.7	34.0	28.7	27.2	27.8	-
MNI India Business Sentiment Indicator	62.3	60.9	60.7	61.8	63.5	62.7	62.4
MNI India Consumer Sentiment Indicator	114.1	113.7	108.5	109.8	108.9	111.2	113.4





# Indicators

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

## MNI India Consumer Indicator

### Highest Since November 2015



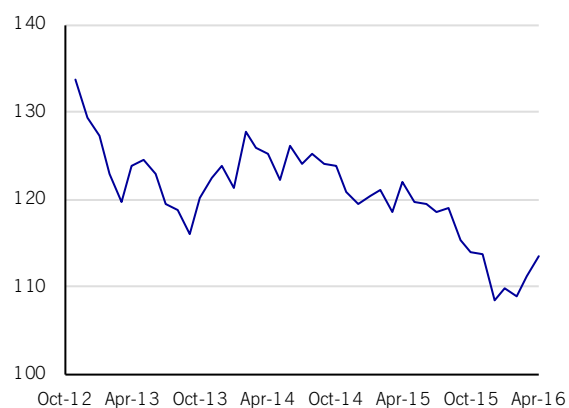
Consumer confidence rose to the highest since November last year led by more optimistic expectations for future business conditions while sentiment towards spending took a backseat.

The MNI India Consumer Sentiment Indicator rose 2% to 113.4 in April from 111.2 in March. Sentiment was down 7.1% compared with the same month a year ago, and 6% below the series average. More positively, sentiment is up from the recent trough seen in December, which had left it at the lowest level in the history of the survey. The rise in April is a good start to sentiment in Q2, after falling to a record low level in Q1. Should this optimism continue it could prompt a turnaround in overall consumer spending.

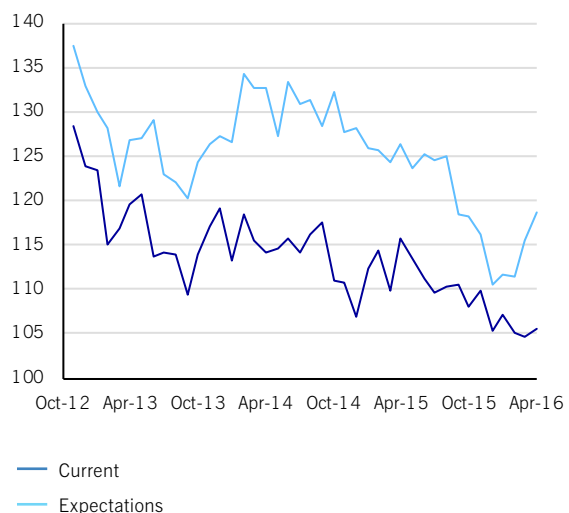
The rise in overall confidence was mainly driven by the expectation of better things to come in the future. The Expectations Indicator, which consists of three forward-looking components, rose to 118.7 from 115.5 in the previous month, the highest since August 2015. Meanwhile, views about the current situation improved slightly to 105.5 after falling to a historical low of 104.8.

Respondents' assessment of household finances improved, with the current measure rising further above the 100 mark, indicating optimists outnumbered pessimists. More consumers reported higher income as the reason behind better finances. A rising proportion also credited it to better employment. Consumers were less downbeat about the current business environment. Higher optimism in the general

MNI India Consumer Indicator



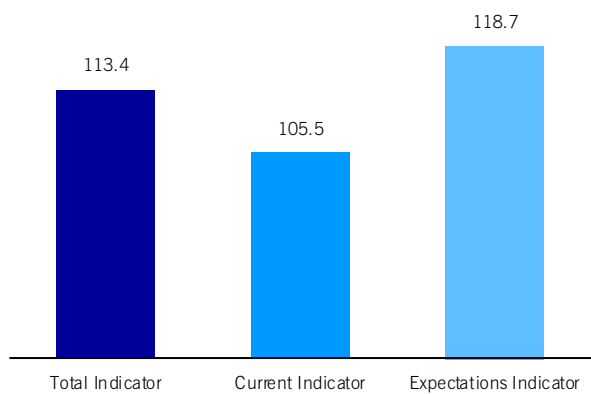
Consumer Indicators



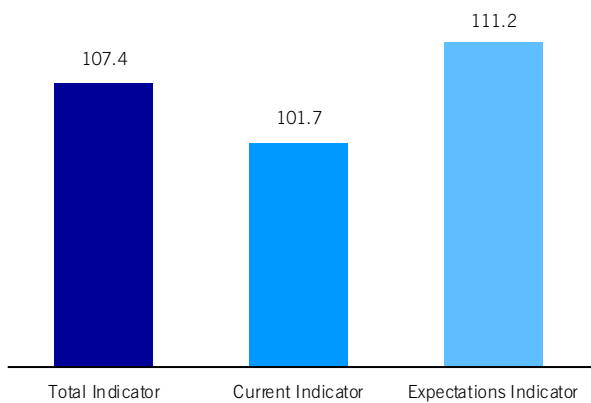
MNI India Consumer Indicator

	Apr-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16
MNI India Consumer Indicator	122.1	113.7	108.5	109.8	108.9	111.2	113.4
Current	115.7	109.9	105.4	107.2	105.1	104.8	105.5
Expectations	126.4	116.2	110.6	111.6	111.4	115.5	118.7

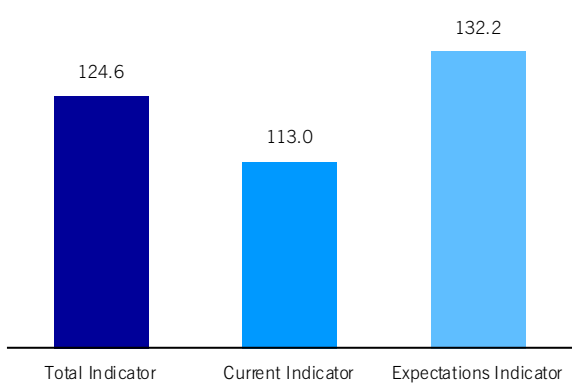
## All India



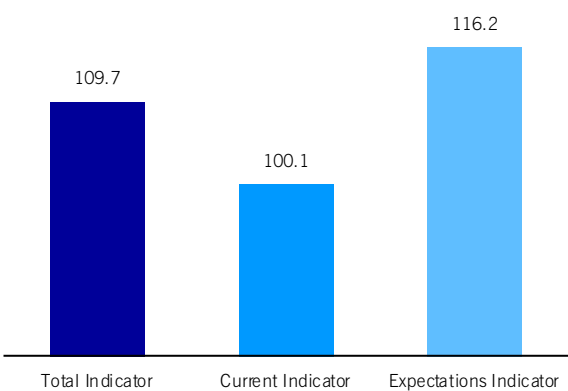
## North India



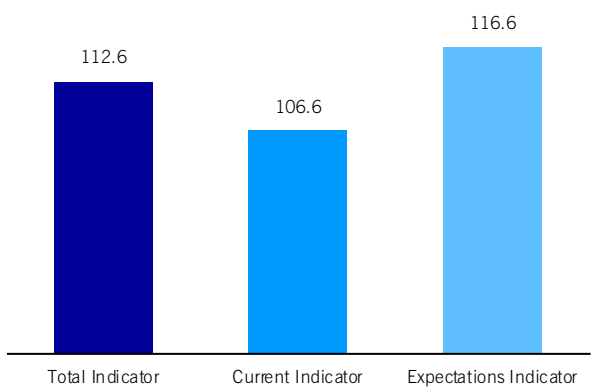
## South India



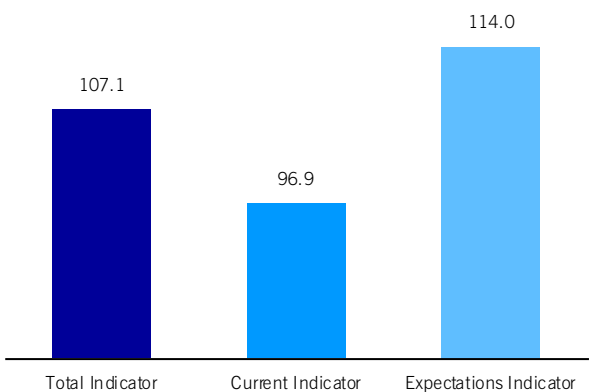
## East India



## West India



## Central India







economy also influenced expectations for better business conditions and the outlook for employment.

Of the five components comprising the Consumer Indicator, only Durable Buying Conditions fell this month. It seems like the hike in the service tax and a new levy on all services, announced in the budget in February which has made activities including eating out, watching movies in theatres and payment of bills more expensive, has tempered sentiment.

### Regions

Consumer sentiment rose in West and South India in April.

In South India, the Consumer Indicator jumped 7.5% to 124.6, the highest since August 2015. The increase in overall confidence was mainly led by future expectations. Respondents were more optimistic in their short and long-term expectations for business conditions, with both rising by double-digits. Consumers were also more optimistic about the state of their finances and expected them to improve further in the next 12 months. However, their willingness to purchase large household items deteriorated.

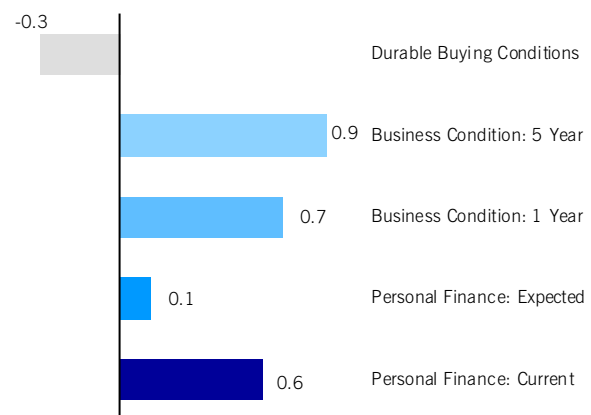
Respondents in West India were more optimistic this month, with the indicator rising to 112.6 after falling to a record low of 108.5 in the previous month. Respondents were more upbeat about personal finances, with both the current and future measures rising to the highest since November last year. They also were more optimistic about future business conditions. However, they were least optimistic about purchasing big-ticket items in the next six months.

### Age

Consumer sentiment fell only among the middle-age group in April.

The Consumer Indicator for the 18-34 year age range rose to 118.0 from 112.7 in March. Apart from Durable Buying Conditions, all other components of

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



the Consumer Indicator increased. Consumers were more confident about their current personal financial conditions, with the indicator rising above 100 for the first time in four months. Their expectations for the future also picked up to the highest since August 2015. Sentiment towards future business conditions also strengthened.

Consumer sentiment among 35-54 year olds fell to 107.9 from 109.3 in the previous month. Apart from Business Conditions in Five Years, all other components of the Consumer Indicator decreased. The Current Personal Finances measure remained below the 100 breakeven level while expectations towards future Personal Finances fell to a series low. This probably influenced their willingness to buy big-ticket items, which fell to the lowest level since March last year.

Consumer sentiment among the oldest age range, 55-64 year olds, remained broadly stable at 111.4 compared with 111.0 in March. Sentiment towards Current Personal Finances eased but remained above 100 while expectations for future household finances also weakened. Still, consumers' willingness to



purchase big-ticket items improved. Respondents were more bullish in their expectations for business conditions in the short-term, but were more uncertain in the long-term.

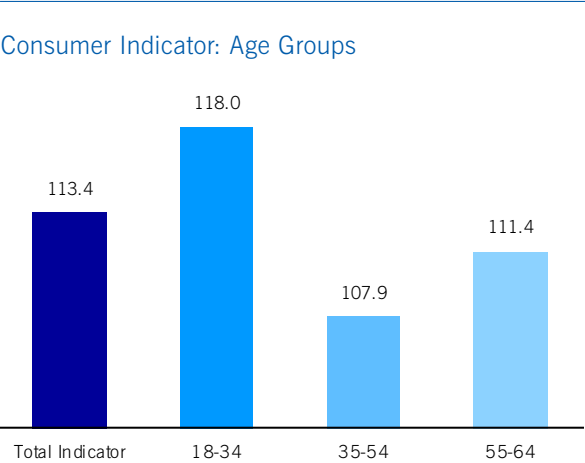
Income

Consumer sentiment rose among both income groups in April, more so in the higher income group.

The Consumer Indicator for households with an average annual income under Rs. 432,000 rose to 115.2 in April from 112.1 in March. Four of the five components of the Consumer Indicator increased. Current Personal Finances recovered and the indicator moved above 100 while expectations for finances in the coming 12 months also stepped up. 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 3.9% fall in the Durable Buying Conditions Indicator.

For households with an average annual income over Rs. 432,000, the Consumer Indicator rose sharply to 127.5 in April from 113.8 in March, the highest since June 2015. All components of the Consumer Indicator increased, apart from Durable Buying Conditions. Consumers were more content with their current personal financial situation with optimists outnumbering pessimists. Respondents were also more optimistic about personal finances in the next 12 months, while expectations for business conditions also improved.

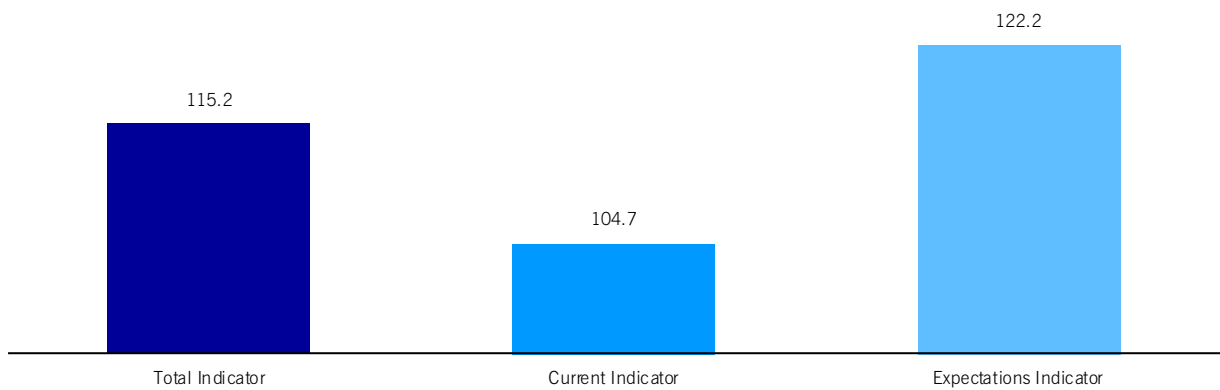
While sentiment among the higher income group has remained above lower income households historically, the gap between them rose to the highest level in the series in January, having eased thereafter. In April, the gap widened again. Sentiment for the higher income bracket has averaged 127.0 since the start of the survey while for lower income households it is 117.9.



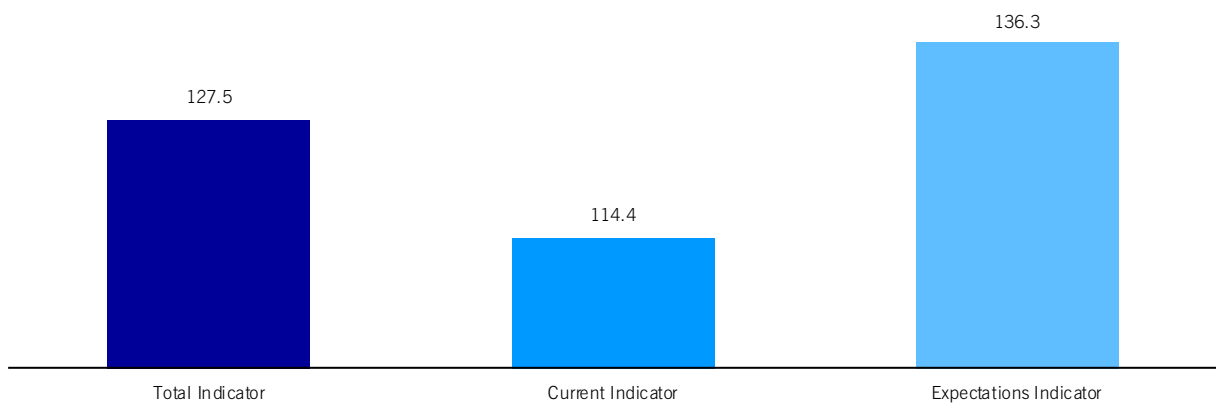
## MNI India Consumer Indicator Income Groups



< Rs. 432,000 per annum



> Rs. 432,000 per annum



## Personal Finances

### Five-Month High



Sentiment towards current personal finances improved for the second consecutive month after hitting a series low in February and respondents were mildly more confident about their finances in the next 12 months.

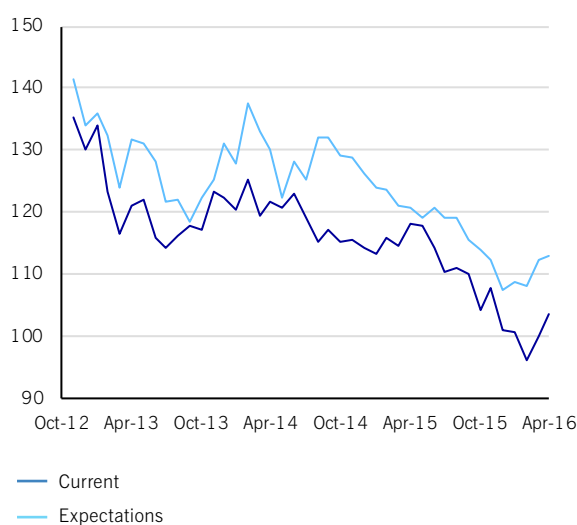
The Current Personal Finances Indicator, which measures whether a household is better or worse off financially than a year ago, rose to 103.5 in April from 100.1 in March. Sentiment is now 7.6% above its record low level of February. However, sentiment towards household finances has plummeted significantly since last year, with the April outturn 12.5% down on the year.

Of those who reported that their finances had improved this month, the highest proportion attributed it to higher income. A rising proportion also credited it to better employment.

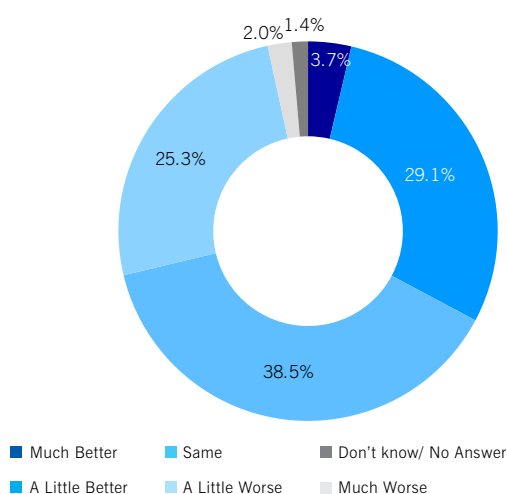
When asked about the change in income since last year, almost 40% reported that they had the same level of income. However, respondents with decreased incomes outnumbered those who reported an increase over the past year.

An improvement in sentiment towards current personal finances has spilled over to expectations for future household finances as well, with the indicator having risen in the last two months. In April, Expected Personal Finances rose to 113.2 from 112.4 in the previous month, the highest since October 2015.

#### Personal Finances



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



#### Personal Finances

	Apr-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16
Current	118.3	108.0	101.0	100.8	96.2	100.1	103.5
Expectations	120.8	112.4	107.6	108.8	108.1	112.4	113.2



## Personal Finances

### Savings



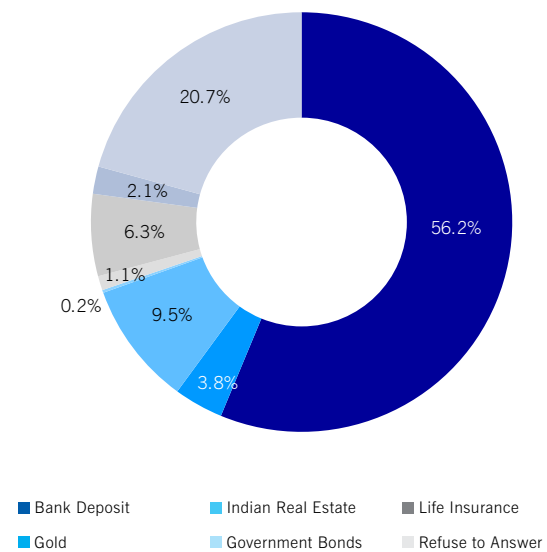
#### Saving Preferences

Bank deposits remained the favourite savings destination among consumers, chosen by more than half of respondents. Real estate was the second favourite choice for wisest place for savings, with 11% favouring housing. Almost a fifth of respondents were either unsure or preferred not to disclose their preference.

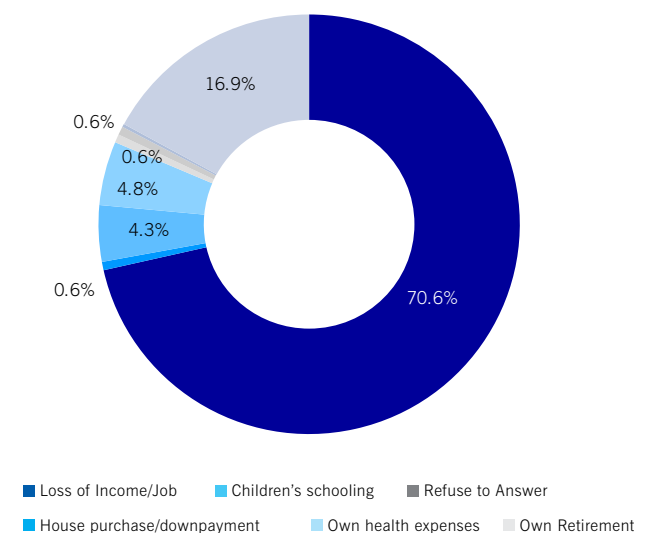
#### Saving Motivation

The percentage of respondents who cited future loss of income/employment as a main motive remained the highest at 61.1% in April. Own health expenses were the second highest motivation for saving, cited by 7.2% of our panel.

#### Wisest Place for Savings



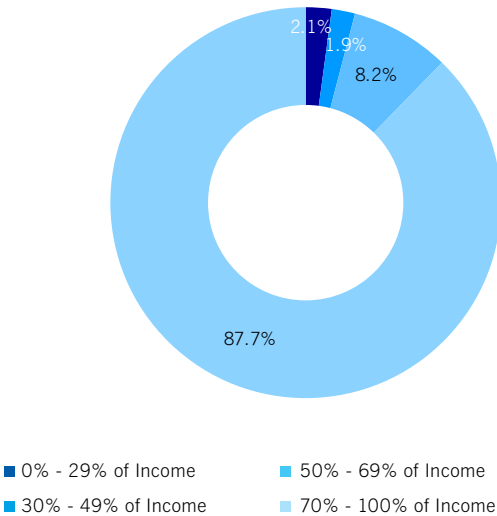
#### Main Reason for Saving



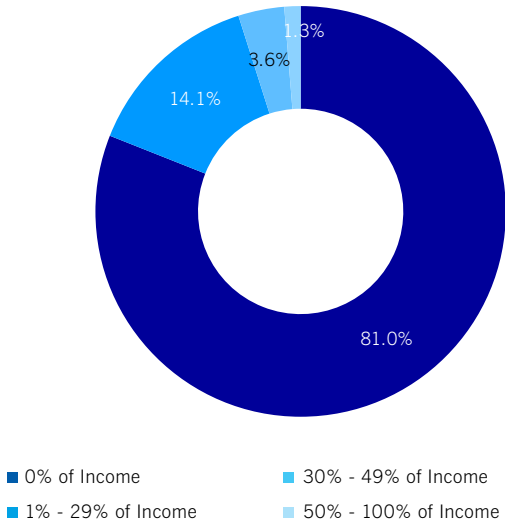
# How Households Spend their Money



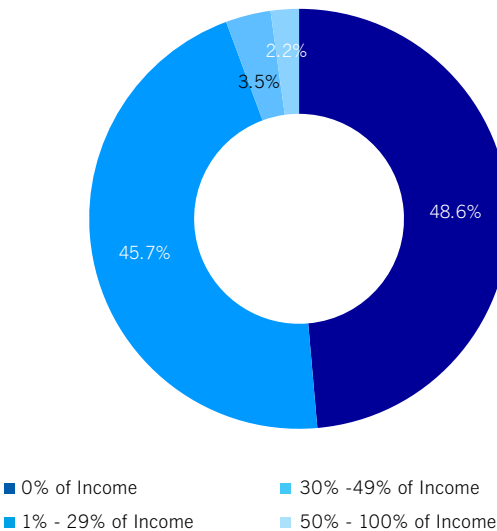
Monthly Household Income Used for Daily Expenses  
(% of Households)



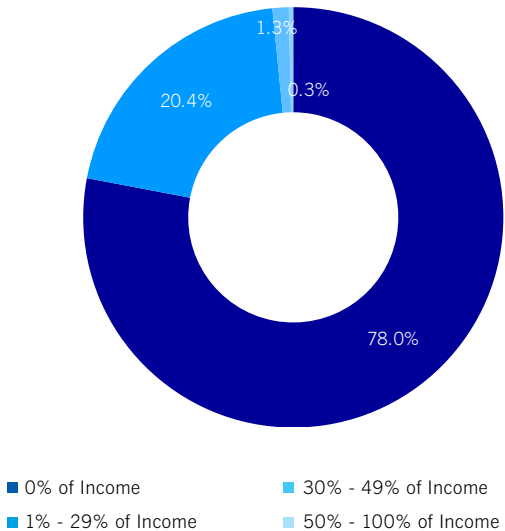
Monthly Household Income Used for Large Loan Repayment (% of Households)



Monthly Household Income Used for Savings (% of Households)



Monthly Household Income Used for Investments (% of Households)



## Business Conditions Sentiment Improves



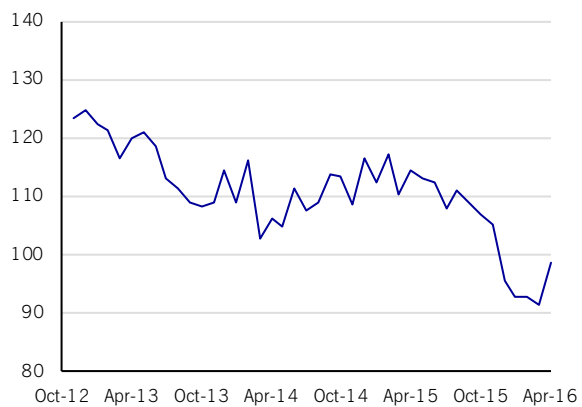
Confidence in the current business environment improved after plummeting to a series low in the previous month, lifting sentiment towards short and long-term business conditions as well.

The Current Business Conditions Indicator rose sharply to 98.6 in April from a record low of 91.5 in the previous month. Over the past year, sentiment has fallen significantly, with the one-year average running beneath the series average. Although the 7.7% rise on the month is impressive, sentiment is 13.8% down on the year and below 100 for the fifth consecutive month. About a quarter 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 rose from 17.4% to 24% in April.

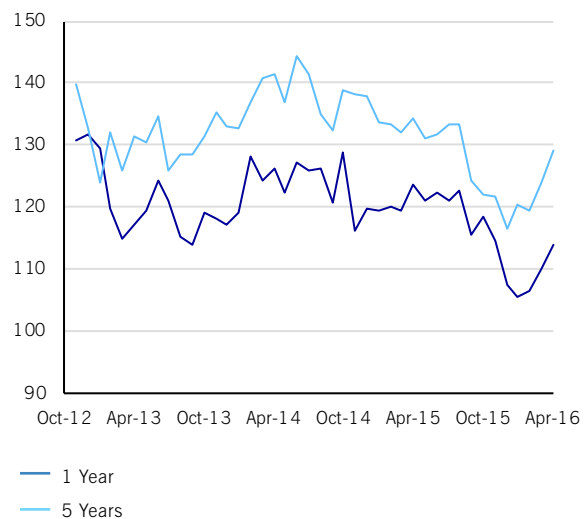
Our monthly business survey paints a similar picture with business confidence easing until the end of 2015 following a spike at the time of elections on hopes of a turnaround of the economy. However, sentiment has recovered slightly in 2016, with sentiment in the first four months of the year matching the series average.

Like current sentiment, expectations have also been boosted in recent months. The Business Conditions in One Year indicator rose for the third consecutive month to 113.9 from 110.1 in the previous month. Of those who were more optimistic about business conditions in the coming year, the majority attributed it to economic development. Expectations for Business Conditions in Five Years increased to 129.0 in April from 124.1 in March, the highest since August last year.

Current Business Conditions Indicator



Expected Business Conditions: 1 Year and 5 Years



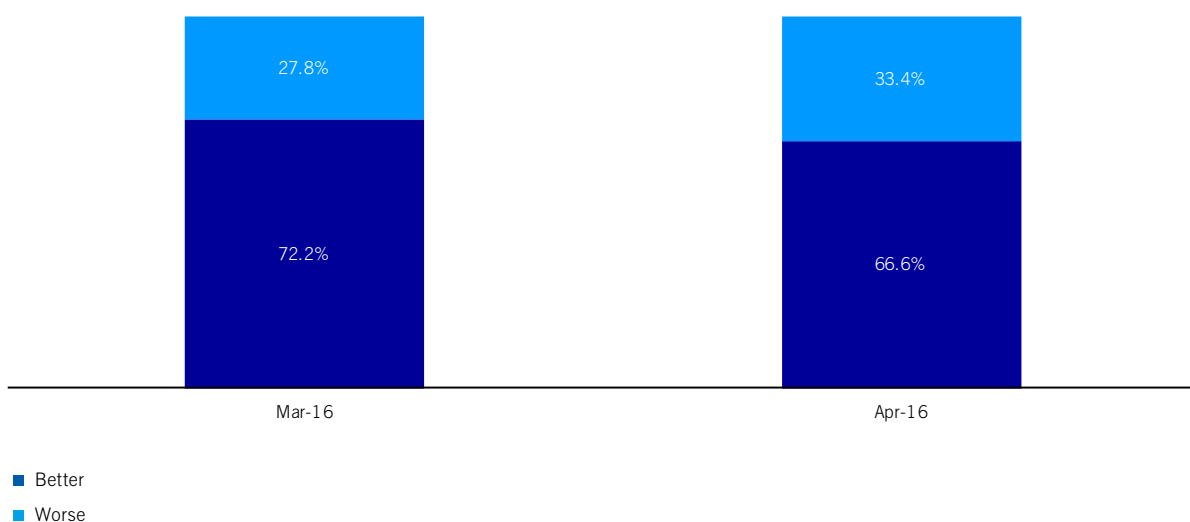
### Business Conditions

	Apr-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16
Current	114.4	105.2	95.6	92.7	93.0	91.5	98.6
In 1 Year	123.8	114.5	107.4	105.6	106.4	110.1	113.9
In 5 Years	134.5	121.7	116.7	120.4	119.6	124.1	129.0

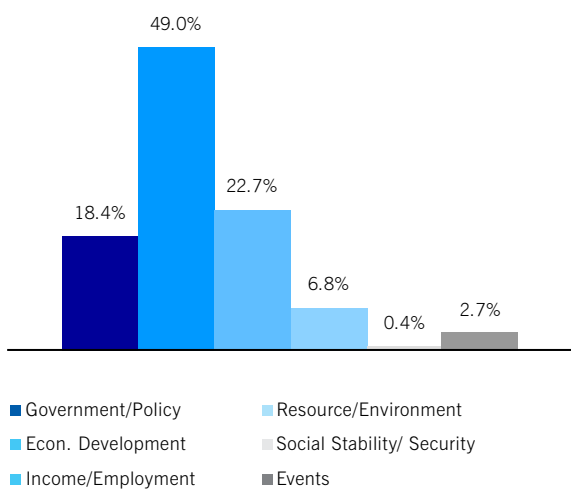
## Business Conditions in 1 Year Selected Reasons



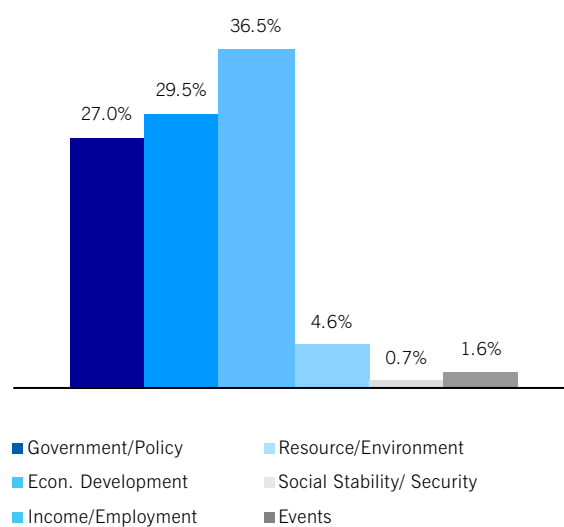
All India



All India, Reasons for Better



All India, Reasons for Worse

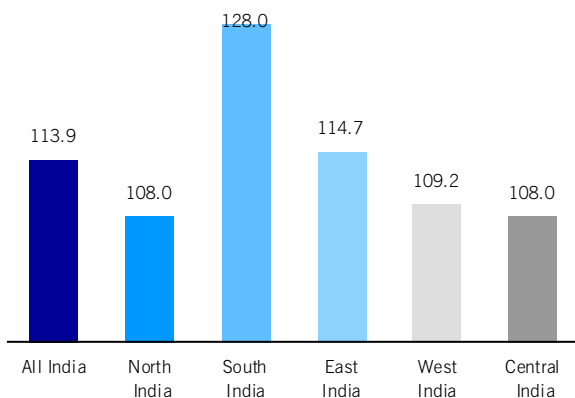




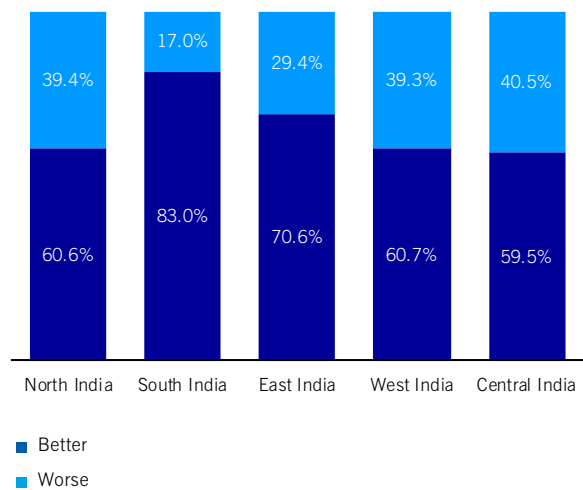
## Business Conditions in 1 Year Regions



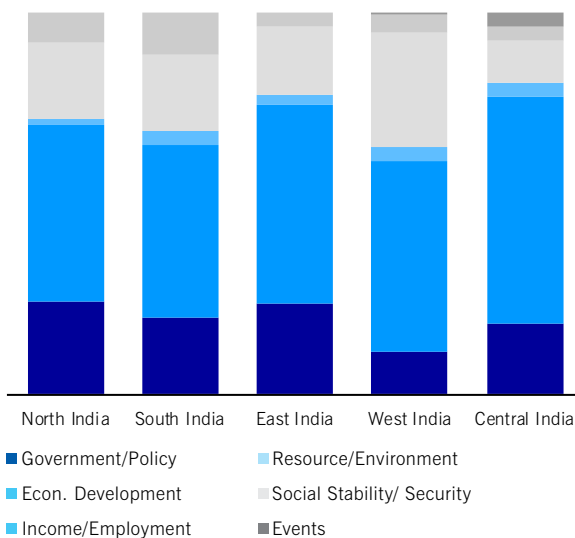
### Business Expectations



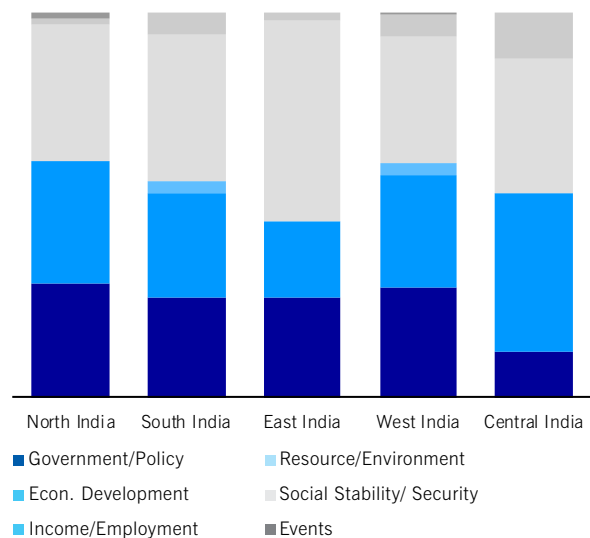
### Business Expectations: Better or Worse? (% of Respondents)



### Reasons for Better (% of Respondents)



### Reasons for Worse (% of Respondents)



## Durable Buying Conditions Lowest Since March 2015

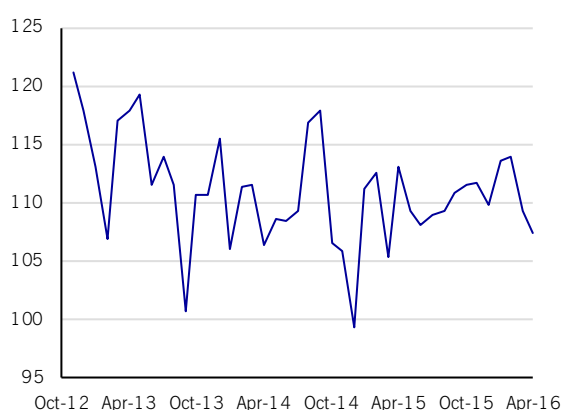


Consumers' willingness to purchase big-ticket items fell for the second consecutive month, pushing it to the lowest level since March 2015.

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 107.4 in April from 109.4 in the previous month. Until February, it was the only indicator in the survey that had shown signs of resilience in an otherwise glum consumer environment. However, two consecutive falls in purchase sentiment shows that relatively subdued personal finances are weighing on them. A hike in the service tax and a new levy on all services, Krishi Kalyan cess announced in the budget in February, which has made activities including eating out, watching movies in theatres and the payment of bills more expensive, has tempered sentiment. Locally made mobiles, branded garments, air travel, aerated drinks, cigarettes and smart watches are the specific items that have become costlier.

Subsequent to the tax hike, our survey shows that consumer sentiment for spending on shopping, entertainment and intentions to eat out, has eased. The Shopping Expenditure Indicator, which reveals whether consumers expect to increase or decrease spending on shopping over the next three months, fell into contraction to 94.2 in April from 102.0 in March. This is the third consecutive fall and the first result below the 100 breakeven level in 11 months of available data, meaning that respondents planning to cut spending on shopping outnumbered those planning to raise it. The Entertainment Expenditure

Durable Buying Conditions



Indicator was also down to 87.4 from 100.5, the lowest on record and the Dining-Out Indicator fell to 90.2 from 102.0 in March.

Durable Buying Conditions

	Apr-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16
Durable Buying Conditions	113.0	111.8	109.8	113.5	114.0	109.4	107.4

## Employment Outlook

### Highest Since September 2015



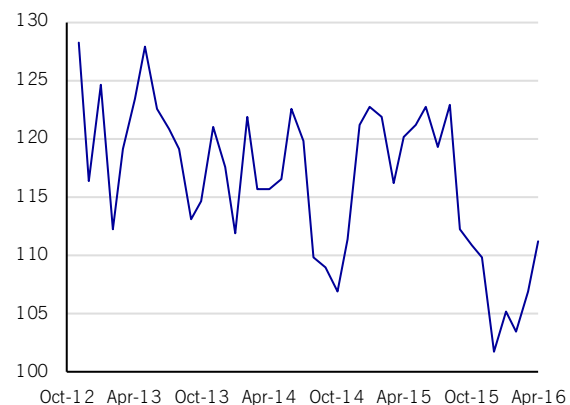
With half of respondents expecting the job market to improve over the next 12 months, the Employment Outlook Indicator increased to 111.2 in April from 107.0 in March.

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 as well. This has continued into the new year with Q1 averaging 105.2, the lowest on record. Although in this month's survey, the indicator has risen to the highest since September 2015, it is still 7.4% down on the year and 4.8% below last year's average.

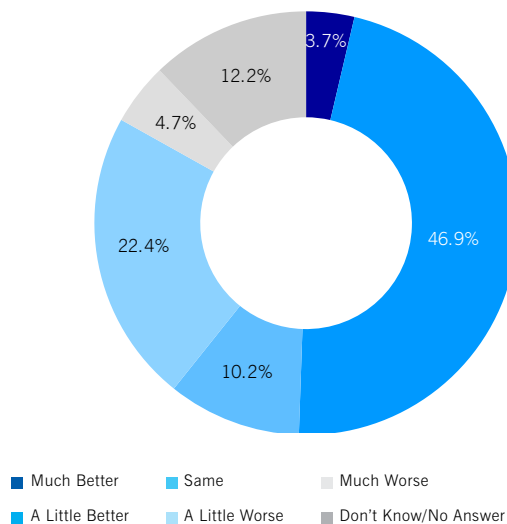
In the budget announced on February 29, the government showed its commitment to boost demand and job creation. Steps were announced to encourage entrepreneurs to set up businesses, including tax exemptions and incentives for investing in start-ups to aid employment generation. Customs and excise duties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

While expectations picked up, consumers reported future 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 61.1% in April.

Employment Outlook Indicator



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

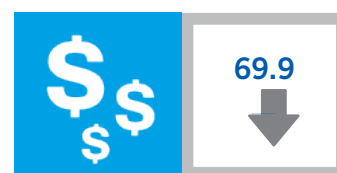


### Employment Outlook

	Apr-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16
Employment Outlook	120.1	109.9	101.8	105.1	103.5	107.0	111.2

## Prices Sentiment

### Inflation Expectations on a Rise



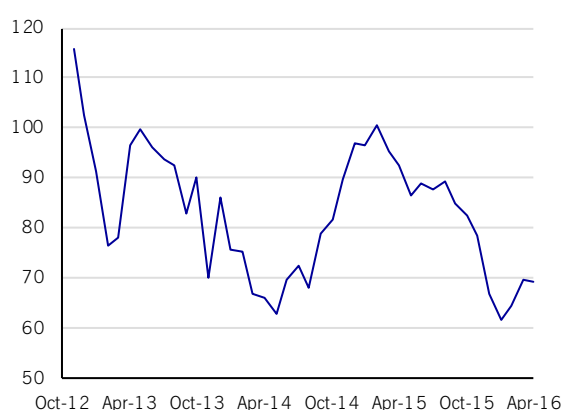
Sentiment towards current prices remained broadly stable while consumer expectations for inflation in the coming 12 months rose.

The indicator measuring satisfaction with the current level of prices remained broadly stable at 69.6 compared with 69.9 in March. 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.

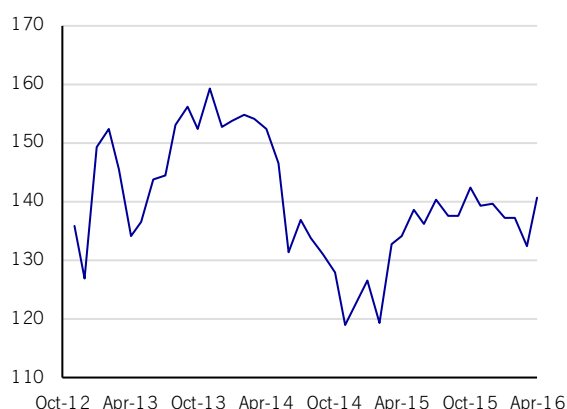
Official data showed that consumer price inflation eased to 4.8% in March from 5.3% in February, the lowest since September last year. Price inflation has come down significantly since last summer with inflation considerably below March 2015's outturn of 5.3%. Food price inflation, which makes up 47.25% of the CPI basket, fell for the second consecutive month to 5.2% in March from 5.3% in February, led by several items including milk, fruits, pulses and eggs. Food prices in general remained the same after declining in the previous three months. While prices of vegetables were up 0.5% on the year, they have been falling over the last six months. Inflation in pulses, which has been burning a hole in Indian households' pockets, eased to a six-month low of 34.2% in March, making it the third consecutive month of contraction. Fuel inflation eased to 3.4% in March from 4.6% in February.

In April, the Inflation Expectations Indicator rose 6.3% to 140.7 from 132.4 in March. The MNI Inflation Expectations Indicator is closely matched

Satisfaction with Current Prices Indicator



Inflation Expectations Indicator



#### Prices Sentiment

	Apr-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16
Satisfaction with Current Prices	92.6	78.6	66.8	61.7	64.4	69.9	69.6
Inflation Expectations	134.2	139.2	139.6	137.3	137.2	132.4	140.7



## Prices Sentiment Regions



by 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 a fifth of respondents who were uncertain about the rate of growth in prices in the coming 12 months.

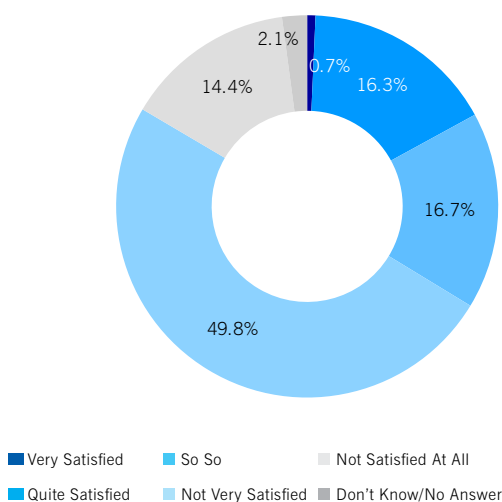
### Regions

Dissatisfaction with Current Prices fell in North, South and East India in April.

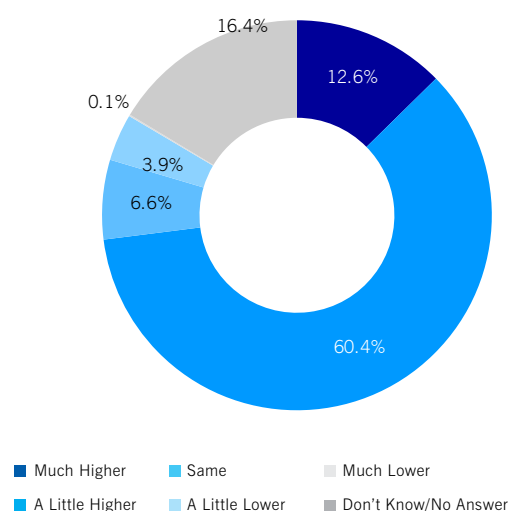
Consumers in North India were less satisfied with prices, with the indicator falling 12.1% on the month to 61.5, the lowest since February. Consumer expectations for prices in the next 12 months rose with the indicator 10.7% up on the month to the highest since November 2015.

Consumers in West India were more satisfied with current prices, as evidenced by a 15.4% rise in the Current Prices Satisfaction Indicator to 70.3, the highest level since November last year. 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)

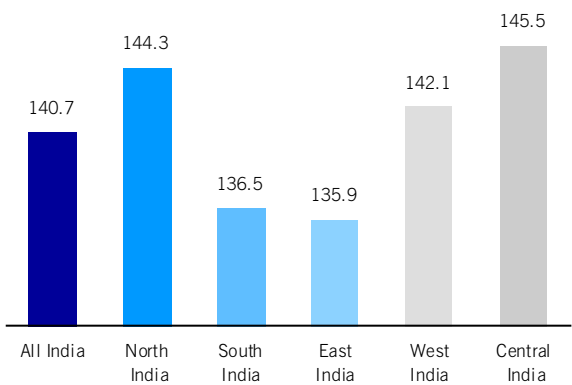


Inflation Expectations in 12 Months  
(% of Households)

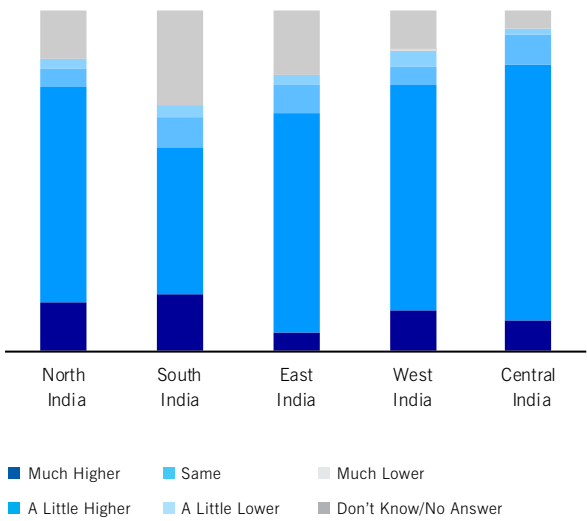




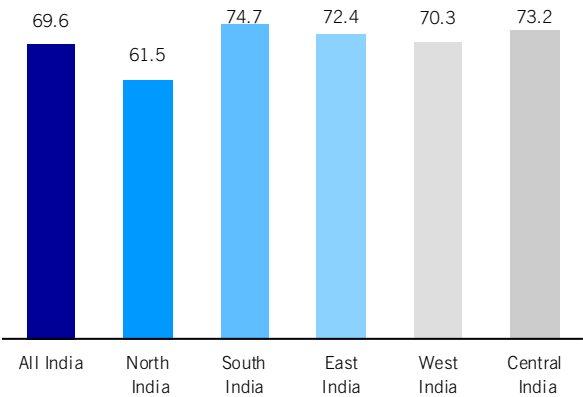
Inflation Expectations Indicator



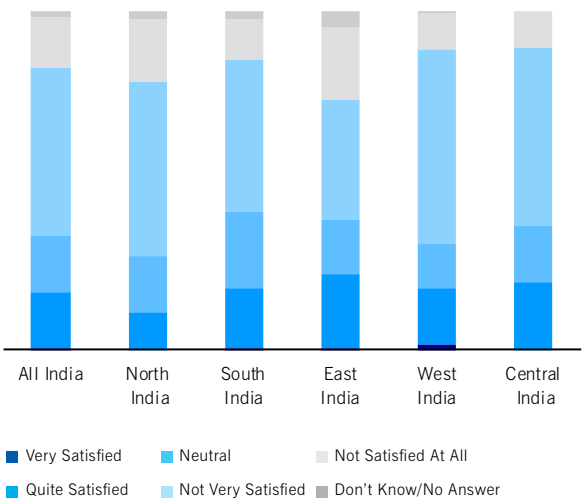
Inflation Expectations in 12 Months  
(% of Households)



Satisfaction with Current Prices Indicator



Satisfaction with Current Prices  
(% of Households)



## Interest Rate Expectations Highest Since October 2015



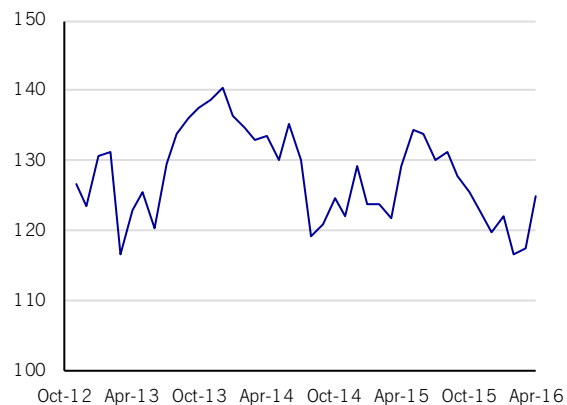
The Interest Rates Expectations Indicator rose to 124.9 in April from 117.4 in March, the highest since October 2015.

Expectations have eased significantly since the second half of last year, leaving the indicator at the lowest on record in Q1. In April, 38.7% of our panel expected interest rates on car and house loans to rise in the next 12 months, while 45.1% of them were unsure. Despite a 6.3% rise on the month, it is running below both last year's and the series' average.

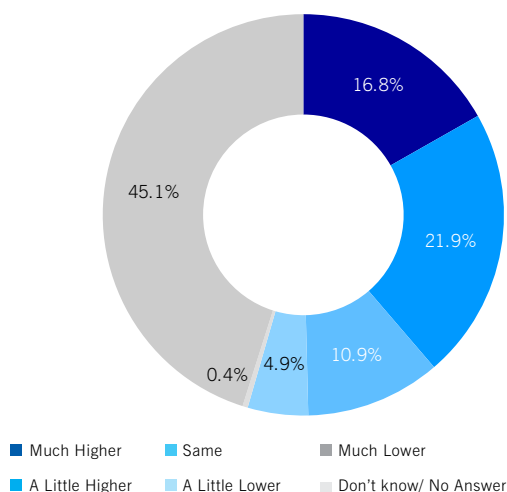
The RBI has cut benchmark interest rates five times since Raghuram Rajan took over as the Governor, having successfully overseen a significant fall in inflation following his appointment in September 2013. In the last monetary policy meeting, the RBI cut the key policy rate by 25 basis points to 6.5% due to inflation easing along expected trajectory, the Central government sticking to its fiscal deficit target and over expectations of a favourable monsoon. Given its accommodative stance, the RBI said it 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 decreased to 7.5% in April from 9.1% in March. Meanwhile, 7.8% said they had another type of loan (excluding house and car loans) down from 10.2% previously. Although the majority of respondents refused to answer, of those who did have a loan, less was spent on paying it off, with 16.9% of respondents paying down between Rs. 5000-7999 per month in April from more respondents paying between Rs. 8000-12999 per month in March.

Interest Rate Expectations Indicator



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



### Interest Rate Expectations

	Apr-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16
Interest Rate Expectations	129.2	123.1	119.9	122.3	116.7	117.4	124.9

## Real Estate Investment Indicator

### Highest Since August 2015



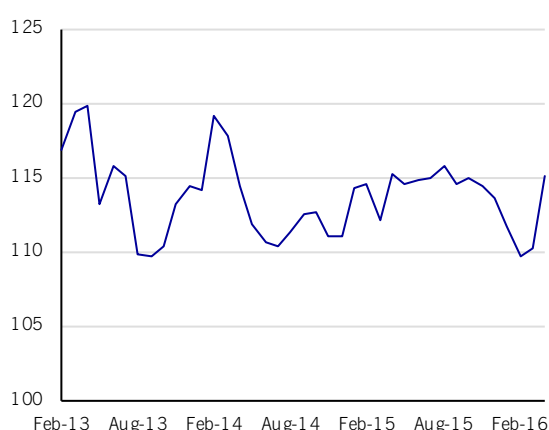
The Real Estate Investment Indicator, which is made up of three components (House Price Expectations, House Buying Sentiment and House Selling Sentiment), rose to 115.0 from 110.2 in March, the highest since August 2015.

The House Price Expectations component rose for the second consecutive month to a record high of 159.5 from 148.5 in March. Expectations in general have trended upwards since the start of the survey. They were easing only during the second half of last year, however were boosted again with the majority anticipating prices to rise in the next six months.

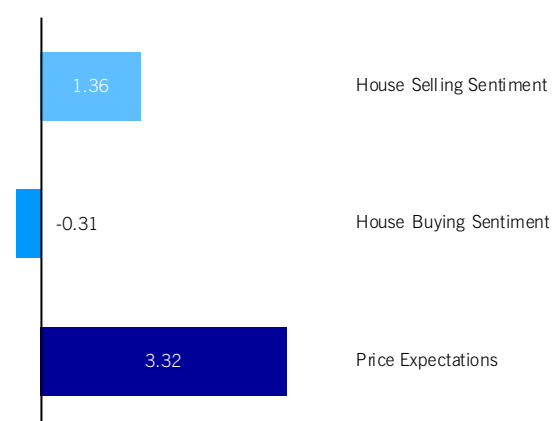
House Buying Sentiment, a measure of whether it is a good or bad time to buy a home in the next six months, fell to a record low of 87.6 from 88.6 in March. The indicator has remained below 100 since May 2014, indicating that pessimists outnumber optimists, with the majority attributing lower willingness to purchase a house to prices. While the Reserve Bank of India cut official interest rates five since last year, 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, also eased to 102.0 in April from 106.5 in March.

Real Estate Investment Indicator



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



Real Estate Investment Sentiment

	Apr-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16
Real Estate Investment Sentiment	115.3	114.3	113.5	111.7	109.7	110.2	115.0
Price Expectations	152.9	151.5	148.6	148.6	146.7	148.5	159.5
House Buying	88.9	87.6	93.8	92.6	92.7	88.6	87.6
House Selling	96.0	96.0	101.8	106.2	110.2	106.5	102.0

## Real Estate Investment Indicator

### Components and Balances

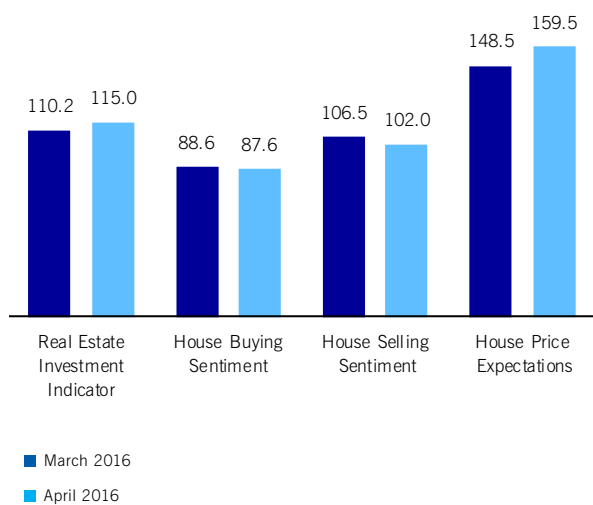


#### Regions

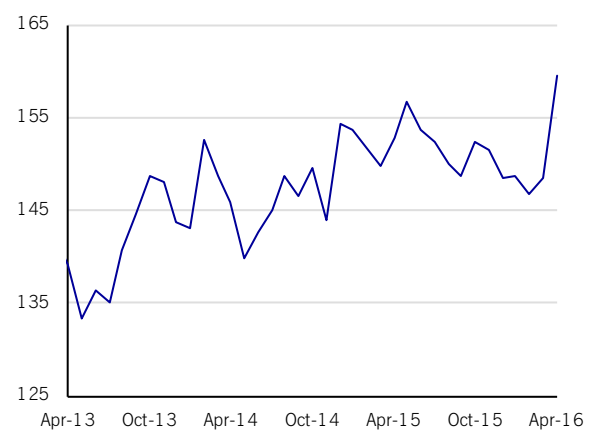
Sentiment surrounding the real estate market rose across all regions of India in April. The Real Estate Investment Indicator in West India rose to 118.7 from 112.2 in the previous month, the highest since January 2014. This was led by a rise in House Price Expectations, which hit a record high, although House Buying Sentiment remained muted.

The Real Estate Investment Indicator in Central India rose for the second consecutive month, taking it to the highest level since September 2015. The rise was led by a jump in House Price Expectations while both House Buying Sentiment and House Selling Sentiment, fell below the 100 mark.

#### Real Estate Investment Indicator - Components



#### Real Estate Prices: Expected Changes in Next 6 Months



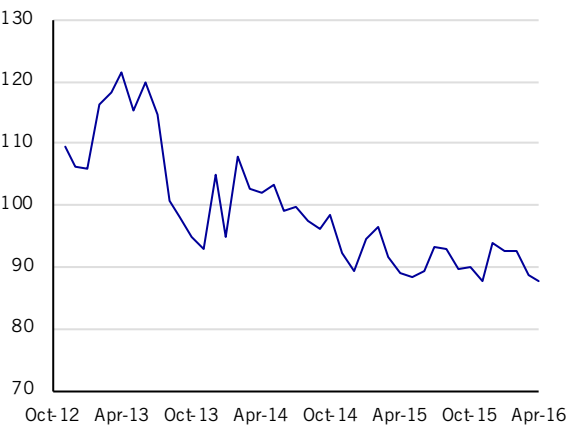


# Real Estate Investment Indicator

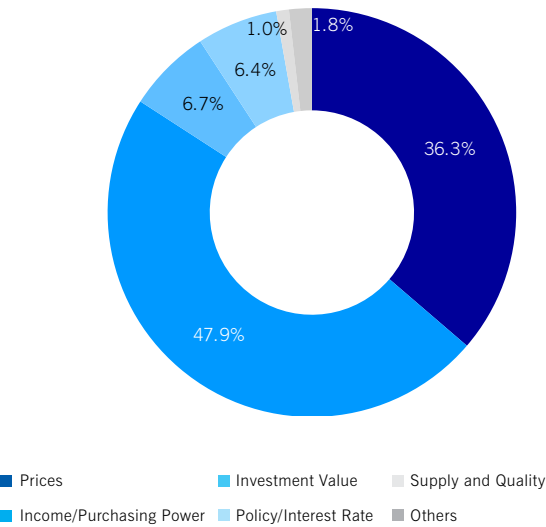
## Components and Balances



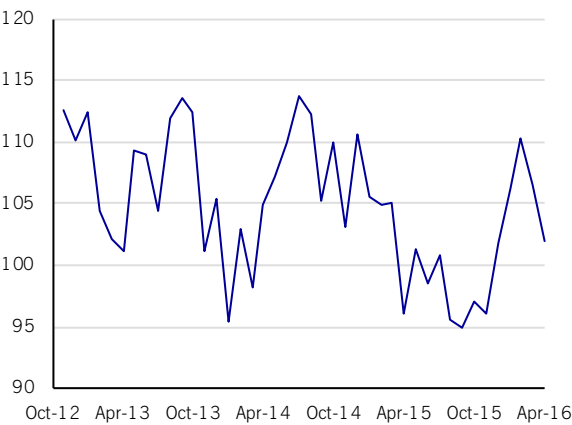
House Buying Sentiment



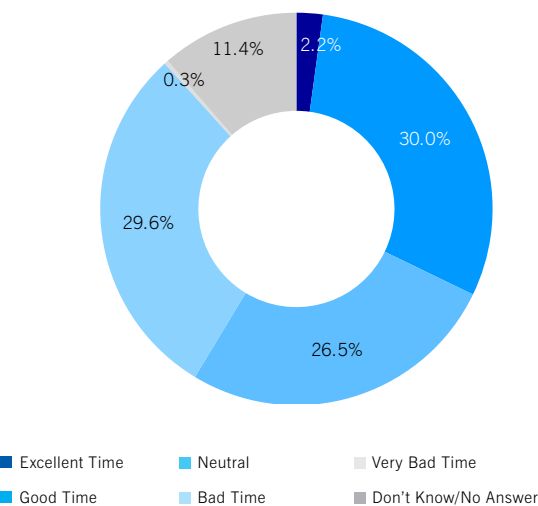
Reasons for Buying Houses (% of Households)



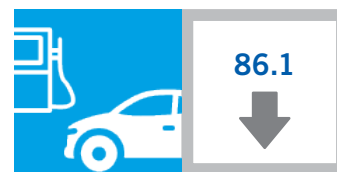
House Selling Sentiment



Timing for Selling Houses (% of Households)



## Cars and Two-Wheelers Lowest Since July 2015



A sharp rise in expectations for gasoline prices led to a decline in the Car Purchase Indicator to the lowest since July last year while willingness towards car purchase remained broadly stable.

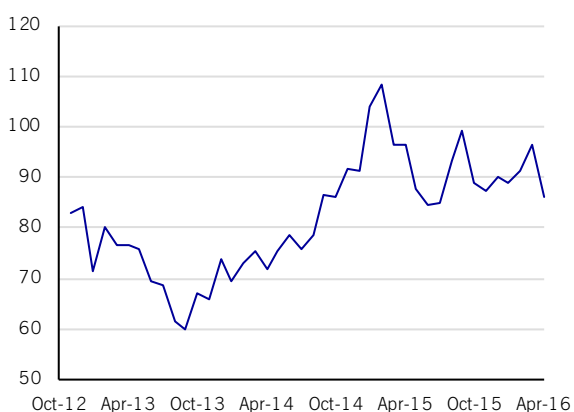
The Car Purchase Indicator is made up of two components, Car Purchase Expectations and Price of Gasoline Expectations, with a rise in the latter having a negative impact on the indicator. The indicator fell to 86.1 in April from 96.3 in the previous month. The indicator has remained below the 100 neutral level for over a year.

Since hitting a series high in February last year, the Car Purchase Indicator trended down owing to rapid swings in gasoline price expectations. However, consumers' willingness to purchase a car has been in a state of inertia throughout. In the last few months, however, sentiment has been improving, albeit at a marginal pace.

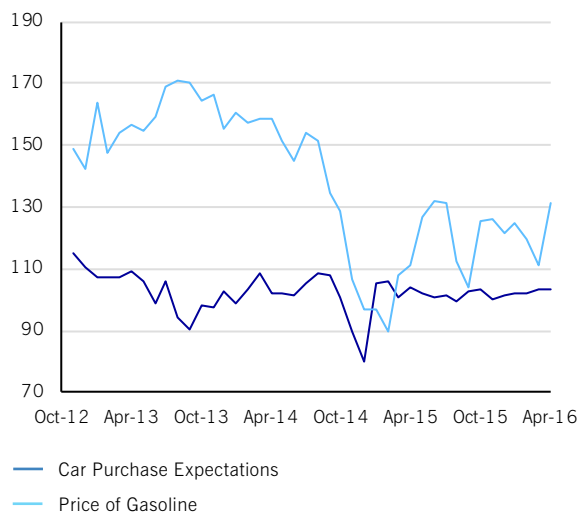
The Car Purchase Expectations component, which gauges whether consumers believe it is a good or bad time to purchase a car over the next 12 months, stood at 103.2 in April compared with 103.6 previously. Of those who felt it was a good time to purchase a car, 36.5% of consumers gave credit to prices. A growing proportion cited better cost of use and upkeep, probably due to lower fuel prices.

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 on buying a second car.

Car Purchase Indicator



Car Purchase Indicator - Components



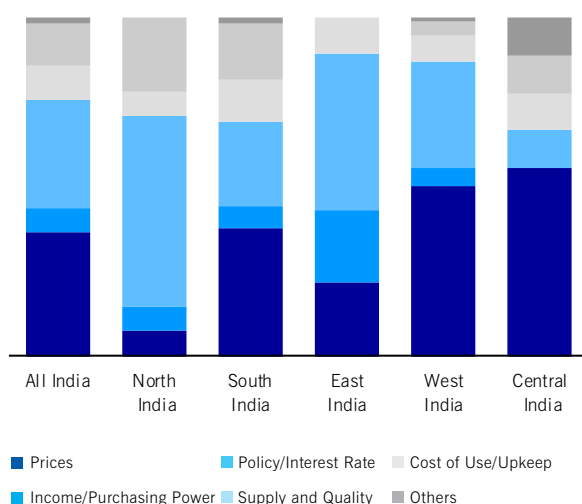
Car Purchase Sentiment

	Apr-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16
Car Purchase Sentiment	96.3	87.2	89.9	88.9	91.2	96.3	86.1
Car Purchase Expectations	103.8	100.3	101.1	102.3	102.1	103.6	103.2
Price of Gasoline	111.2	125.8	121.3	124.5	119.7	111.1	131.0

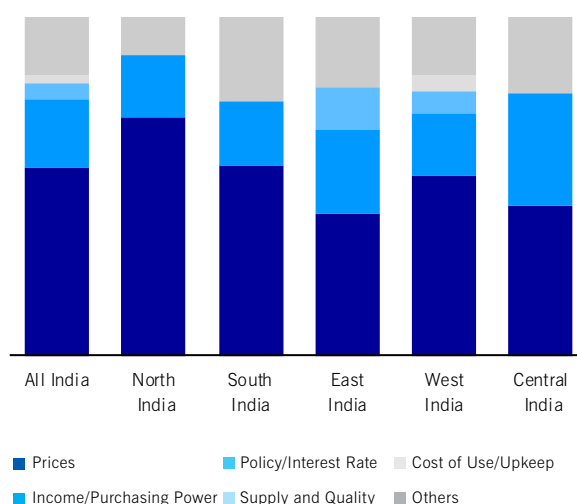
## Cars and Two-Wheelers



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



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

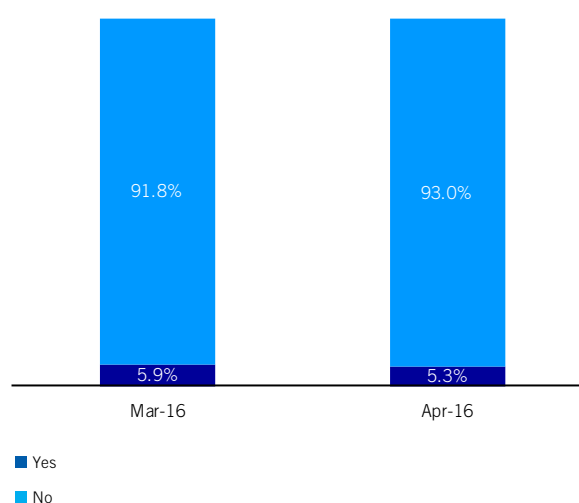


In the latest budget, it was announced that in order to tackle the issues of traffic and pollution, an infrastructure cess of 1% will be levied on small petrol/compressed natural gas/liquefied petroleum gas cars, 2.5% on small diesel cars, 4% on big sedans and sports utility vehicles (SUVs) and a 1% additional luxury tax on passenger vehicles priced over Rs. 1 million. This has raised 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 recovering, consumers' expectations for the price of fuel rose sharply to 131.0 from 111.1 in March, the highest in nine months.

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?

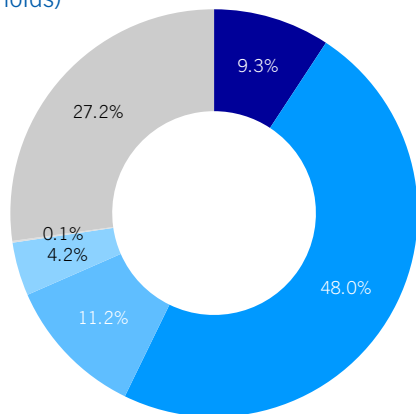


Panellists were asked if they would be buying a two-wheeler in the next 12 months and the majority, at 93%, said no. There has been a similar response over the last seven months although it should be noted that the series has limited history.

## Cars and Two-Wheelers

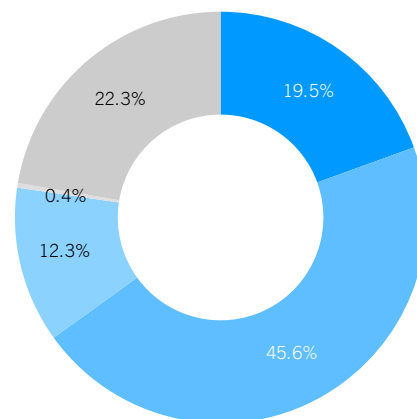


Expected Change in the Price of Gasoline (% of Households)



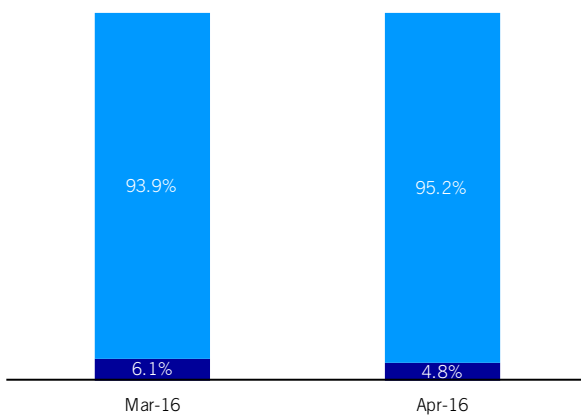
■ Go Up Dramatically   ■ Stay the Same   ■ Go Down Sharply  
 ■ Go Up Slightly   ■ Go Down Slightly   ■ Don't Know/No Response

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



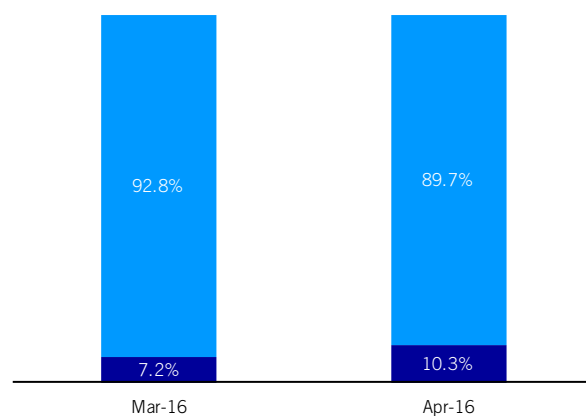
■ Excellent   ■ Neutral   ■ Very Bad Time  
 ■ Good Time   ■ Bad Time   ■ Don't Know/No Answer

What Type of Car Will You Buy?



■ Brand New  
 ■ Second Hand

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

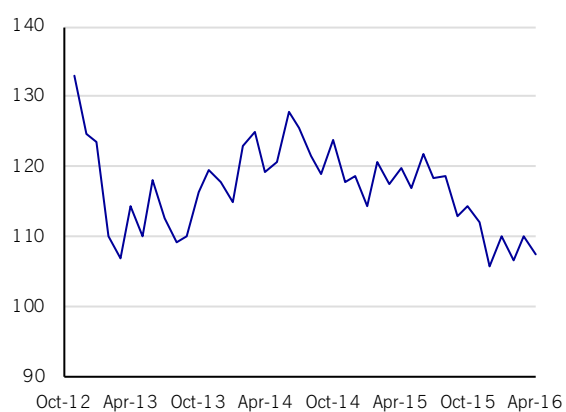


■ Yes  
 ■ No

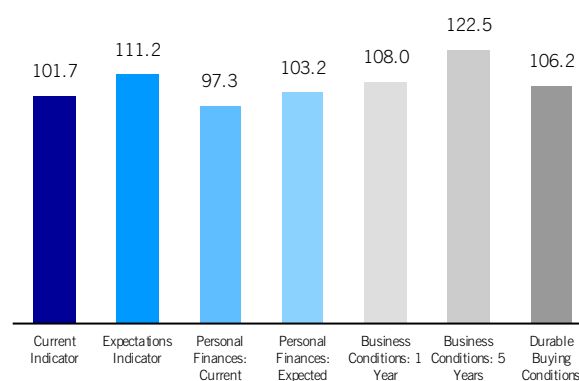
## MNI India Consumer Indicator Regions



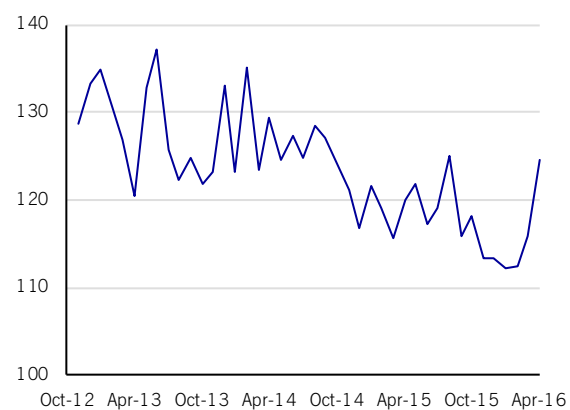
Consumer Indicator: North India



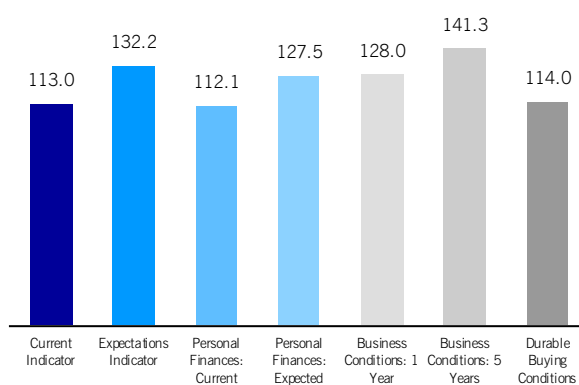
Consumer Indicator Components: North India



Consumer Indicator: South India



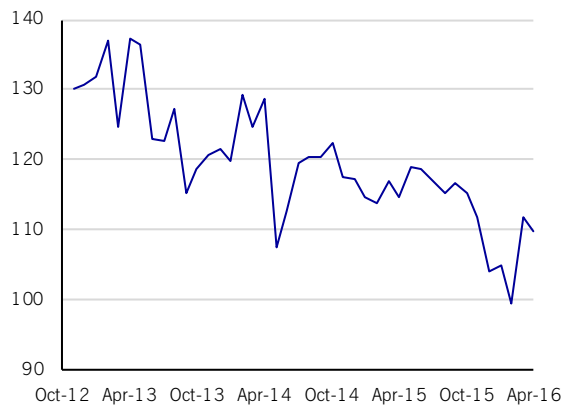
Consumer Indicator Components: South India



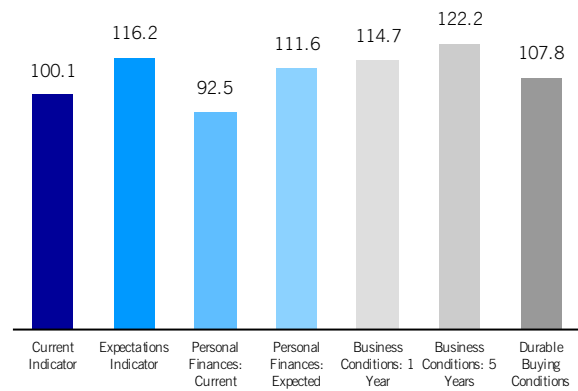




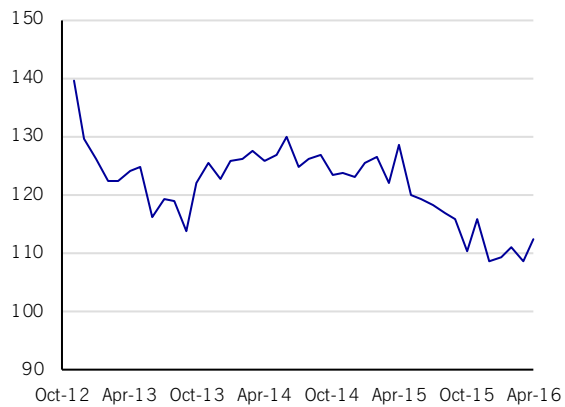
Consumer Indicator: East India



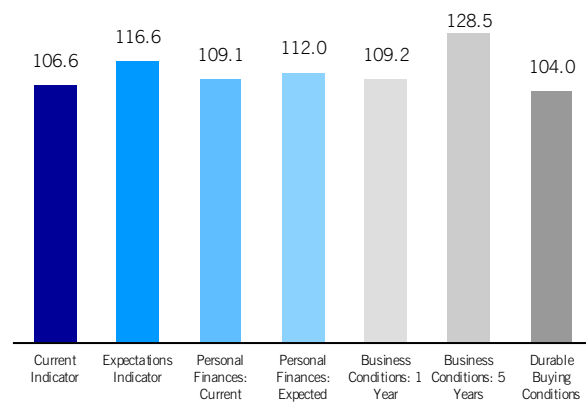
Consumer Indicator Components: East India



Consumer Indicator: West India

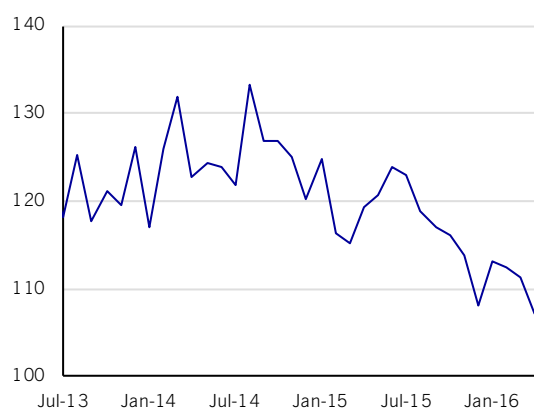


Consumer Indicator Components: West India

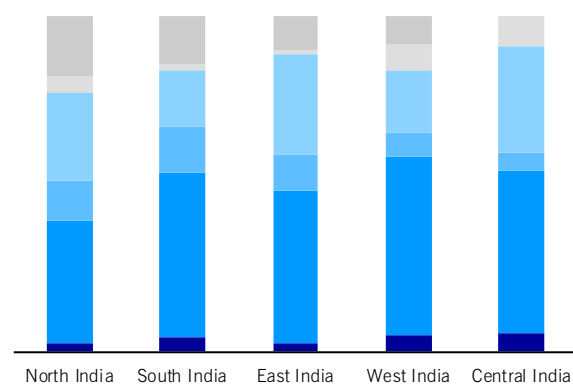




### Consumer Indicator: Central India

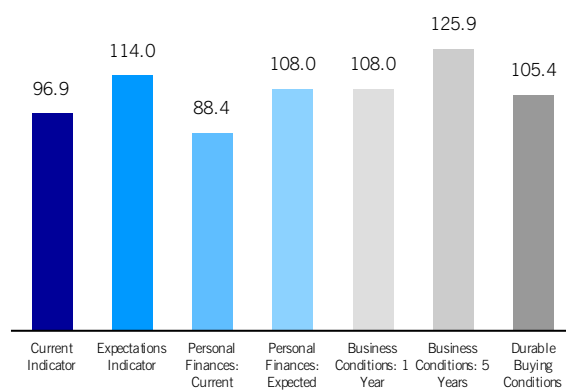


### Employment Outlook for the Next 12 Months (% of Households)

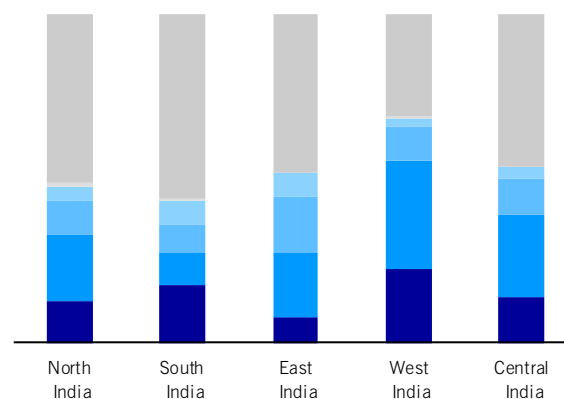


■ Much Better    ■ About the Same    ■ Much Worse  
 ■ A Little Better    ■ A Little Worse    ■ Don't Know/No Answer

### Consumer Indicator Components: Central India



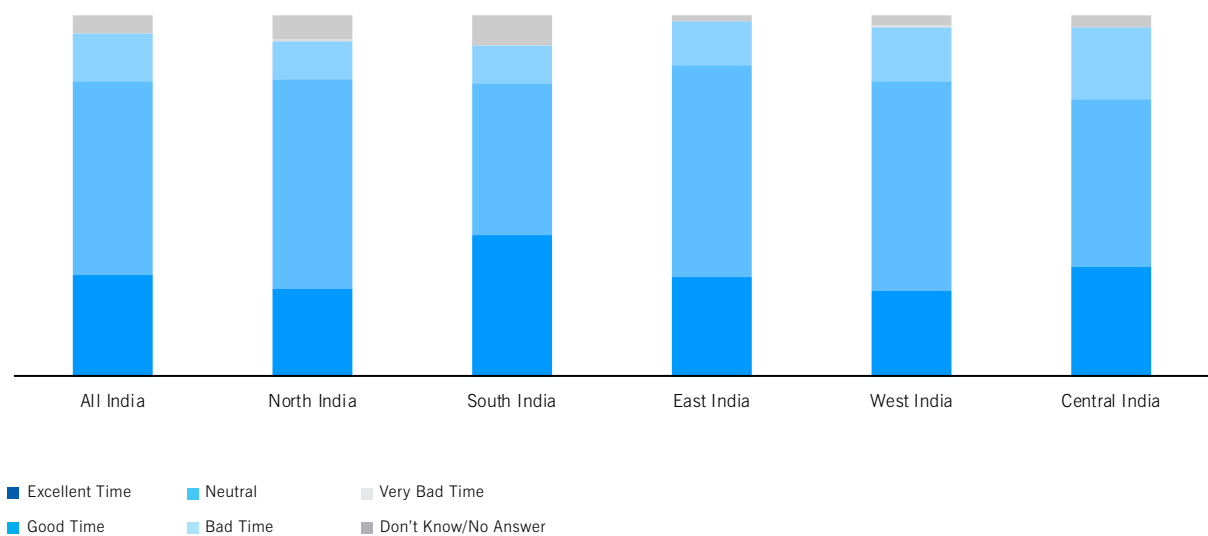
### Interest Rate Expectations on House and Car Loans Indicator (% of Households)



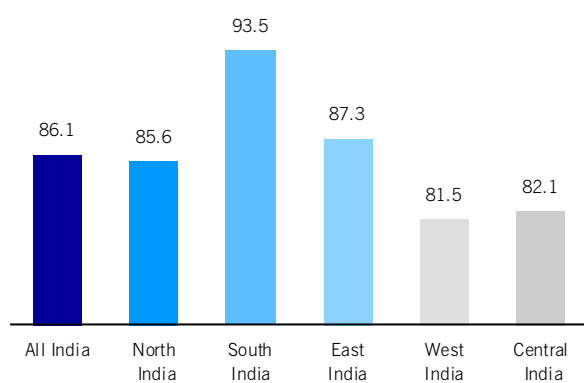
■ Much Higher    ■ About the Same    ■ Much Lower  
 ■ A Little Higher    ■ A Little Lower    ■ Don't Know/No Answer



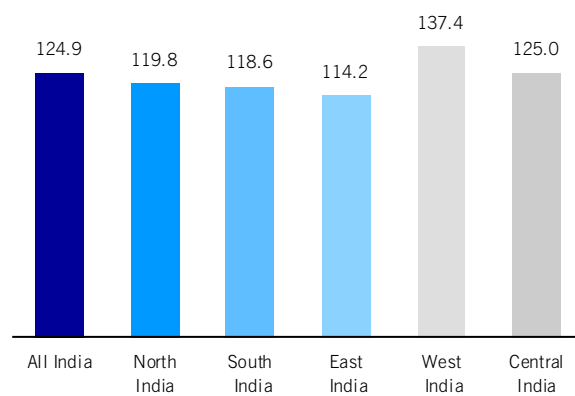
### Is it a Good/Bad Time to Buy Large Household Goods? (% of Households)



### Car Purchase Indicator - Regions



### Interest Rates Expectations (% of Households)

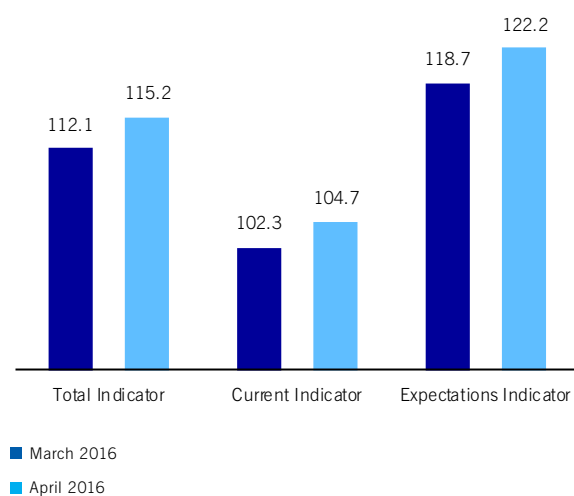


## MNI India Consumer Indicator

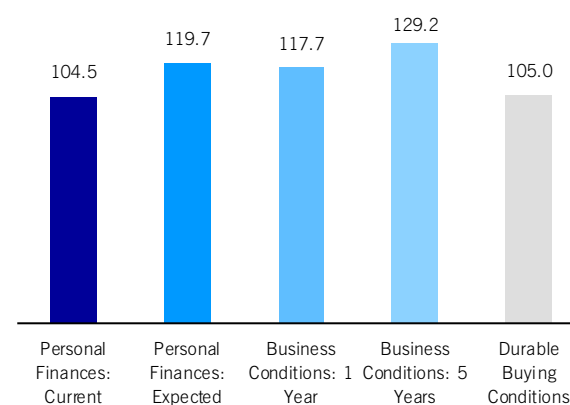
### Income Groups



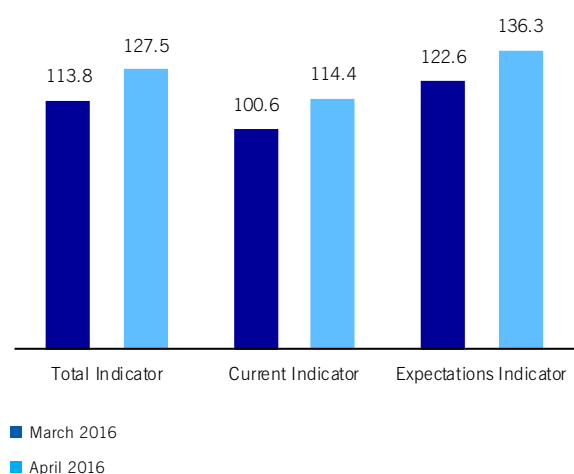
#### < Rs. 432,000 per annum



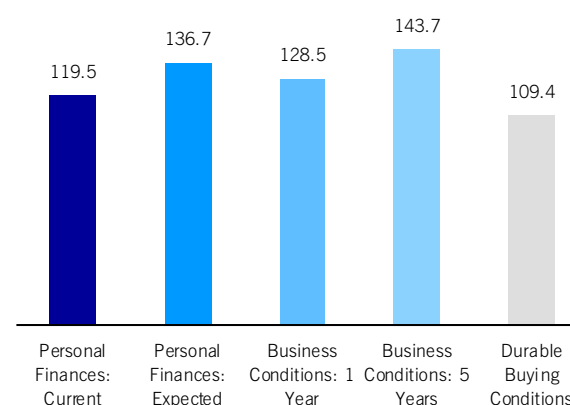
#### < Rs. 432,000 - Components



#### > Rs. 432,000 per annum



#### > Rs. 432,000 - Components



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

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...the gap between them which had eased in the previous months widened again in April.



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

## North India Overview

	Feb-16	Mar-16	Apr-16	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
<b>North India Consumer Indicator</b>	106.6	110.1	107.4	-	Feb-16	108.0	-2.7	-2.4%
Current Indicator	101.5	100.7	101.7	Jan-16	-	101.3	1.0	1.1%
Expectations Indicator	110.0	116.3	111.2	-	Feb-16	112.5	-5.1	-4.4%
Personal Finance: Current	90.1	95.3	97.3	Jan-16	-	94.2	2.0	2.2%
Personal Finance: Expected	109.5	115.2	103.2	-	series low	109.3	-12.0	-10.4%
Business Condition: 1 Year	102.7	108.4	108.0	-	Feb-16	106.4	-0.4	-0.4%
Business Condition: 5 Years	117.8	125.4	122.5	-	Feb-16	121.9	-2.9	-2.3%
Durable Buying Conditions	112.9	106.1	106.2	Feb-16	-	108.4	0.1	0.1%
Current Business Conditions Indicator	82.9	87.6	95.7	Nov-15	-	88.7	8.1	9.3%
Real Estate Investment Indicator	109.7	109.9	112.7	Dec-15	-	110.8	2.8	2.6%
Car Purchase Indicator	88.3	96.8	85.6	-	Jul-15	90.2	-11.2	-11.5%
Employment Outlook Indicator	101.6	106.6	102.5	-	Feb-16	103.6	-4.1	-3.8%
Inflation Expectations Indicator	136.8	130.3	144.3	Nov-15	-	137.1	14.0	10.7%
Current Prices Satisfaction Indicator	58.0	70.0	61.5	-	Feb-16	63.2	-8.5	-12.1%
Interest Rates Expectations Indicator	116.9	115.9	119.8	Jan-16	-	117.5	3.9	3.3%

### South India Overview

	Feb-16	Mar-16	Apr-16	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
<b>South India Consumer Indicator</b>	112.4	115.9	124.6	Aug-15	-	117.6	8.7	7.5%
Current Indicator	111.3	111.8	113.0	Aug-15	-	112.0	1.2	1.1%
Expectations Indicator	113.1	118.5	132.2	Oct-14	-	121.3	13.7	11.6%
Personal Finance: Current	101.9	106.9	112.1	May-15	-	107.0	5.2	4.8%
Personal Finance: Expected	110.7	118.0	127.5	Jan-15	-	118.7	9.5	8.0%
Business Condition: 1 Year	110.3	112.6	128.0	Aug-15	-	117.0	15.4	13.6%
Business Condition: 5 Years	118.4	125.0	141.3	Aug-15	-	128.2	16.3	13.0%
Durable Buying Conditions	120.7	116.8	114.0	-	Mar-15	117.2	-2.8	-2.4%
Current Business Conditions Indicator	95.2	95.8	112.5	Aug-15	-	101.2	16.7	17.3%
Real Estate Investment Indicator	107.6	109.5	114.3	Sep-15	-	110.5	4.8	4.4%
Car Purchase Indicator	101.0	103.4	93.5	-	Nov-15	99.3	-9.9	-9.5%
Employment Outlook Indicator	102.9	111.3	118.7	Aug-15	-	111.0	7.4	6.7%
Inflation Expectations Indicator	138.2	128.1	136.5	Feb-16	-	134.3	8.4	6.6%
Current Prices Satisfaction Indicator	75.3	79.2	74.7	-	Jan-16	76.4	-4.5	-5.7%
Interest Rates Expectations Indicator	110.8	108.3	118.6	Oct-14	-	112.6	10.3	9.5%

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

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

# Consumers in East India were less pessimistic about their state of finances...

---

... but still were less willing to spend on big-ticket items in the coming six months.



## East India Overview

	Feb-16	Mar-16	Apr-16	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
<b>East India Consumer Indicator</b>	99.5	111.9	109.7	-	Feb-16	107.0	-2.2	-1.9%
Current Indicator	94.1	101.7	100.1	-	Feb-16	98.6	-1.6	-1.6%
Expectations Indicator	103.1	118.6	116.2	-	Feb-16	112.6	-2.4	-2.1%
Personal Finance: Current	80.9	90.0	92.5	Dec-15	-	87.8	2.5	2.7%
Personal Finance: Expected	97.3	114.7	111.6	-	Feb-16	107.9	-3.1	-2.7%
Business Condition: 1 Year	101.8	117.5	114.7	-	Feb-16	111.3	-2.8	-2.3%
Business Condition: 5 Years	110.2	123.7	122.2	-	Feb-16	118.7	-1.5	-1.2%
Durable Buying Conditions	107.4	113.4	107.8	-	Feb-16	109.5	-5.6	-5.0%
Current Business Conditions Indicator	84.4	76.7	94.6	Nov-15	-	85.2	17.9	23.3%
Real Estate Investment Indicator	105.1	106.2	110.4	Jan-16	-	107.2	4.2	4.0%
Car Purchase Indicator	87.5	92.9	87.3	-	Jan-16	89.2	-5.6	-6.1%
Employment Outlook Indicator	84.3	109.1	109.0	-	Feb-16	100.8	-0.1	-0.1%
Inflation Expectations Indicator	140.9	131.5	135.9	Feb-16	-	136.1	4.4	3.3%
Current Prices Satisfaction Indicator	57.9	78.5	72.4	-	Feb-16	69.6	-6.1	-7.8%
Interest Rates Expectations Indicator	118.6	121.2	114.2	-	Jan-15	118.0	-7.0	-5.8%

## West India Overview

	Feb-16	Mar-16	Apr-16	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
<b>West India Consumer Indicator</b>	111.2	108.5	112.6	Nov-15	-	110.8	4.1	3.8%
Current Indicator	107.8	104.0	106.6	Feb-16	-	106.1	2.6	2.5%
Expectations Indicator	113.4	111.5	116.6	Nov-15	-	113.8	5.1	4.5%
Personal Finance: Current	103.9	104.2	109.1	Nov-15	-	105.7	4.9	4.7%
Personal Finance: Expected	108.2	106.3	112.0	Nov-15	-	108.8	5.7	5.4%
Business Condition: 1 Year	107.1	106.6	109.2	Nov-15	-	107.6	2.6	2.4%
Business Condition: 5 Years	125.0	121.6	128.5	Aug-15	-	125.0	6.9	5.7%
Durable Buying Conditions	111.8	103.7	104.0	Feb-16	-	106.5	0.3	0.3%
Current Business Conditions Indicator	101.8	95.3	93.9	-	Jan-16	97.0	-1.4	-1.4%
Real Estate Investment Indicator	113.6	112.2	118.7	Jan-14	-	114.8	6.5	5.8%
Car Purchase Indicator	87.4	93.3	81.5	-	Aug-14	87.4	-11.8	-12.7%
Employment Outlook Indicator	113.2	103.4	114.4	Sep-15	-	110.3	11.0	10.7%
Inflation Expectations Indicator	136.3	137.3	142.1	May-15	-	138.6	4.8	3.5%
Current Prices Satisfaction Indicator	64.5	60.9	70.3	Nov-15	-	65.2	9.4	15.4%
Interest Rates Expectations Indicator	122.8	123.9	137.4	Aug-15	-	128.0	13.5	10.9%

### Central India Overview

	Feb-16	Mar-16	Apr-16	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
<b>Central India Consumer Indicator</b>	112.5	111.4	107.1	-	series low	110.3	-4.3	-3.8%
Current Indicator	104.7	105.2	96.9	-	series low	102.3	-8.3	-7.9%
Expectations Indicator	117.6	115.5	114.0	-	Dec-15	115.7	-1.5	-1.3%
Personal Finance: Current	90.6	93.1	88.4	-	series low	90.7	-4.7	-5.1%
Personal Finance: Expected	116.0	107.8	108.0	Feb-16	-	110.6	0.2	0.3%
Business Condition: 1 Year	114.2	109.5	108.0	-	Jan-16	110.6	-1.5	-1.3%
Business Condition: 5 Years	122.6	129.3	125.9	-	Feb-16	125.9	-3.4	-2.6%
Durable Buying Conditions	118.9	117.2	105.4	-	Dec-15	113.8	-11.8	-10.1%
Current Business Conditions Indicator	96.2	102.6	90.2	-	Jan-16	96.3	-12.4	-12.1%
Real Estate Investment Indicator	106.9	112.1	117.3	Sep-15	-	112.1	5.2	4.6%
Car Purchase Indicator	94.8	89.7	82.1	-	Jun-15	88.9	-7.6	-8.4%
Employment Outlook Indicator	101.9	107.8	104.5	-	Feb-16	104.7	-3.3	-3.1%
Inflation Expectations Indicator	132.1	133.6	145.5	Jun-15	-	137.1	11.9	8.9%
Current Prices Satisfaction Indicator	62.3	63.8	73.2	Nov-15	-	66.4	9.4	14.8%
Interest Rates Expectations Indicator	100.0	115.5	125.0	Jan-16	-	113.5	9.5	8.2%

## All India - Overview by Age

	Feb-16	Mar-16	Apr-16	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
<b>Age 18-34</b>								
<b>MNI India Consumer Indicator</b>	111.1	112.7	118.0	Sep-15	-	113.9	5.3	4.7%
Current Indicator	107.5	104.0	106.4	Feb-16	-	106.0	2.4	2.3%
Expectations Indicator	113.5	118.5	125.7	Aug-15	-	119.2	7.2	6.0%
Personal Finance: Current	98.9	99.7	106.1	Nov-15	-	101.6	6.4	6.5%
Personal Finance: Expected	110.3	114.5	121.7	Aug-15	-	115.5	7.2	6.3%
Business Condition: 1 Year	107.9	113.1	120.8	Oct-15	-	113.9	7.7	6.8%
Business Condition: 5 Years	122.3	128.0	134.6	Aug-15	-	128.3	6.6	5.2%
Durable Buying Conditions	116.1	108.4	106.7	-	Mar-15	110.4	-1.7	-1.6%
<b>Age 35-54</b>								
<b>MNI India Consumer Indicator</b>	106.4	109.3	107.9	-	Feb-16	107.9	-1.4	-1.3%
Current Indicator	102.3	102.7	102.1	-	series low	102.4	-0.6	-0.6%
Expectations Indicator	109.1	113.7	111.8	-	Feb-16	111.5	-1.9	-1.6%
Personal Finance: Current	93.0	96.4	98.8	Jan-16	-	96.1	2.4	2.5%
Personal Finance: Expected	107.2	111.8	103.8	-	series low	107.6	-8.0	-7.1%
Business Condition: 1 Year	104.6	108.5	106.0	-	Feb-16	106.4	-2.5	-2.3%
Business Condition: 5 Years	115.5	120.7	125.5	Aug-15	-	120.6	4.8	4.0%
Durable Buying Conditions	111.7	108.9	105.3	-	Mar-15	108.6	-3.6	-3.4%
<b>Age 55-64</b>								
<b>MNI India Consumer Indicator</b>	109.8	111.0	111.4	Aug-15	-	110.7	0.4	0.3%
Current Indicator	106.3	110.5	110.7	Jan-16	-	109.2	0.2	0.2%
Expectations Indicator	112.1	111.4	111.8	Feb-16	-	111.8	0.4	0.4%
Personal Finance: Current	97.9	108.3	106.1	-	Feb-16	104.1	-2.2	-2.1%
Personal Finance: Expected	105.2	108.3	106.7	-	Feb-16	106.7	-1.6	-1.5%
Business Condition: 1 Year	107.5	105.3	110.0	Oct-15	-	107.6	4.7	4.5%
Business Condition: 5 Years	123.6	120.5	118.6	-	Oct-15	120.9	-1.9	-1.6%
Durable Buying Conditions	114.6	112.7	115.4	Jan-16	-	114.2	2.7	2.4%

## All India - Overview by Income

	Feb-16	Mar-16	Apr-16	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
< Rs. 432,000 per annum								
<b>MNI India Consumer Indicator</b>	105.0	112.1	115.2	Jul-15	-	110.8	3.1	2.8%
Current Indicator	100.0	102.3	104.7	Nov-15	-	102.3	2.4	2.4%
Expectations Indicator	108.4	118.7	122.2	Jul-15	-	116.4	3.5	2.9%
Personal Finance: Current	87.8	95.3	104.5	Aug-15	-	95.9	9.2	9.7%
Personal Finance: Expected	106.9	115.3	119.7	Aug-15	-	114.0	4.4	3.8%
Business Condition: 1 Year	103.2	115.2	117.7	Jul-15	-	112.0	2.5	2.1%
Business Condition: 5 Year	115.2	125.5	129.2	Jul-15	-	123.3	3.7	2.9%
Durable Buying Conditions	112.1	109.2	105.0	-	Dec-15	108.8	-4.2	-3.9%
> Rs. 432,000 per annum								
<b>MNI India Consumer Indicator</b>	120.5	113.8	127.5	Jun-15	-	120.6	13.7	12.1%
Current Indicator	117.4	100.6	114.4	Feb-16	-	110.8	13.8	13.8%
Expectations Indicator	122.5	122.6	136.3	Apr-15	-	127.1	13.7	11.2%
Personal Finance: Current	113.4	91.5	119.5	Sep-15	-	108.1	28.0	30.5%
Personal Finance: Expected	119.2	114.5	136.7	Nov-14	-	123.5	22.2	19.4%
Business Condition: 1 Year	115.8	115.1	128.5	Jul-15	-	119.8	13.4	11.6%
Business Condition: 5 Year	132.7	138.1	143.7	Jul-15	-	138.2	5.6	4.1%
Durable Buying Conditions	121.3	109.6	109.4	-	May-14	113.4	-0.2	-0.2%

## 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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