



Falling inflation

- Boosts consumption as fear of erosion in purchasing power recedes
- Facilitates a low interest rate regime
- Makes financial savings more lucrative vs. physical (e.g. gold)

Source : Bloomberg

India's Current A/C Deficit (% of GDP) under different oil assumptions

	US\$50/bbl	US\$25/bbl
FY14	1.7	1.7
FY15	1.4	1.4
FY16E	1.2	1.2
FY17E	1.5	0.3
FY18E	1.8	0.7
FY19E	0.6	-0.4
FY20E	0	-1

Source : BofA Merrill Lynch Global Research

1. India leads South Asia growth: World Bank

According to the World Bank, India's economic growth is expected to rise from 7.5 percent in 2016 to 7.7 percent in 2017, propelling South Asia to becoming the fastest-growing region globally.

2. Mutual fund folios see a record 14% increase in fiscal 2016

Mutual funds in India have added more than 5.9 million portfolios in FY 2015-16, which indicated a growth of 14 per cent year-on-year, as per the Association of Mutual Funds in India (AMFI).

3. FDI inflow credit positive, 'Make in India' bearing fruit: Moody's

According to Moody's Investors Service report, the efforts to liberalise foreign investment limits in several sectors and the 'Make in India' campaign are leading to increasing foreign direct investments (FDI), which helps to finance India's current account deficit and would count positively towards a ratings upgrade at the time of the review.

4. IMF retains India's growth forecast, cuts global projection

The International Monetary Fund (IMF) has retained India's growth projections for 2016-17 at 7.5 per cent and expects the growth to be driven by private consumption which is supported by lower energy prices and higher real incomes.

5. India surpasses solar energy target for 2015-16 more than one and a half times

In another significant development, India has surpassed its solar energy target for 2015-16, by more than one and a half times, commissioning 3018 megawatt (MW) during 2015-16 against a target of 2000 MW. The cumulative target at the end of 2016-17 is set at 17,000 MW and the country is expected to add at least 10,000 MW in 2016-17

6. Ericsson, Nokia, Huawei and Cisco are betting big on India's 'smart cities' project

Global majors such as Ericsson, Nokia, Huawei, and Cisco are making huge investments in India's 'smart cities' project, which is estimated to be a US\$ 50 billion business opportunity over five years.

7. Procedure for Establishment of Branch Office (BO)/Liaison Office (LO)/Project Offices (PO) in India by Foreign entities simplified

The Government of India has delegated the power to grant approvals for establishment of Branch Office (BO)/Liaison Office (LO)/Project Offices (PO) by foreign entities in India to the Authorised Dealers Category-1 banks. This will improve the ease of doing business in the country.

8. February headline CPI dipped to 5.18%, lower than consensus and 5.69% seen in January.

The index marked a month on month (MoM) contraction (-0.3%) in price momentum as against the rise (0.2%) seen in January. The decline in price momentum was due to a sharp fall in overall food & beverages index (~46% of overall CPI) (1.1%MoM contraction).

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