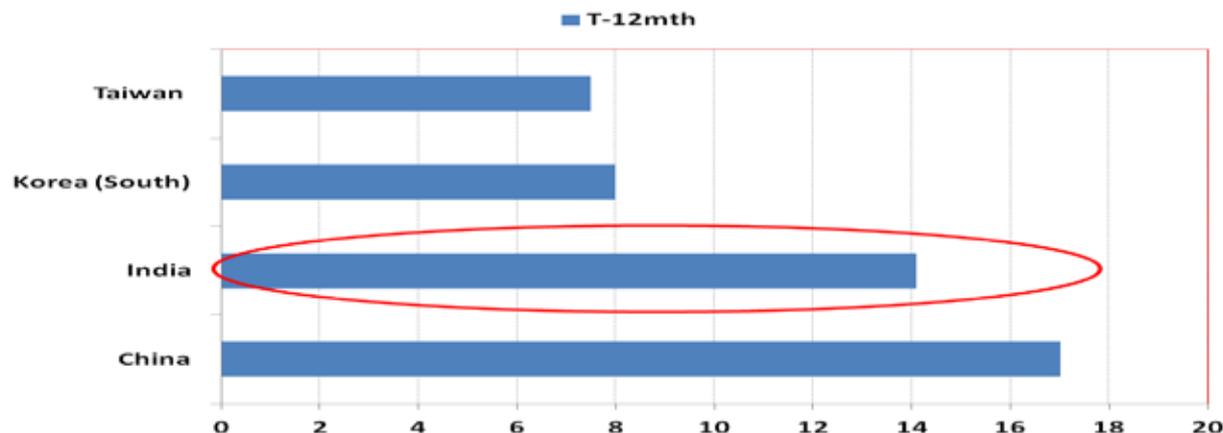


Monthly Political & Economic Updates

March 2016



Exposure to India stabilizes at 14.1% in January Country allocations by Asia ex-Japan universe of funds (%)



Notes: T= January 31,2016.

Source : EPFR, Bloomberg, Kotak Institutional Equities

1.As we had predicted last month, India's Central Bank, the RBI cut the repo rate by 25bp on 5th April to give a boost to Liquidity & Growth in the country. We expect another 25bp cut during the remainder of this year.

2.Foreign Institutional Investors (FII) invested USD 3.08 Billion in the Indian equity market in March 2016 as confidence returned in Emerging markets. This is the highest monthly inflow in 3 years

3.Foreign Investment Promotion Board (FIPB) clears 15 foreign direct investment (FDI) proposals including large investments in the insurance sector by Nippon Life Insurance, AIA International, Sun Life and Aviva Life aggregating to US\$ 1.09 billion

4.India overtakes China in direct investment by US. India has surpassed China in terms of US direct investments as India's share of direct investment increased to US\$ 12 billion in December 2015, whereas share of China reduced to US\$ 11.1 billion during the same period.

5.Annual Target of providing Electricity to 7000 new Villages Achieved. The remaining 18,452 villages to be electrified by May 2018.

6.The International Monetary Fund (IMF) expects India's GDP growth to be in the range of 7-7.75% during FY 2016-17

7.India's foreign exchange reserves touched an all-time high of USD 356 billion in Mar'16

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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