

Quick Glance - Funds Performance

(Funds with AUM of more than ₹125 crores as on 31st October 2014)

IN THIS POLICY, THE INVESTMENT RISK IN INVESTMENT PORTFOLIO IS BORNE BY THE POLICYHOLDER.

Investment Report

The month of October 2014 saw the benchmark index BSE Sensex and CNX Nifty gain 4.64% and 4.49% respectively. The Mid-cap index, CNX Mid-cap gained 3.70% during the same period.

Equity Funds

Equity Fund (ULIF 001 04/02/04 TEL 110)

Fund Details		Fund Performance					Asset Allocation		
Investment Objective	: The primary investment objective of the Fund is to generate long term capital appreciation from a portfolio that is invested predominantly in equity and equity linked securities.	PERIOD	DATE	NAV	S&P BSE Sensex	NAV Change	INDEX Change		
NAV as on 31 Oct, 14	: ₹49.0857	Last 6 Months	30-Apr-14	39.2983	22417.80	24.91%	24.30%		
Benchmark	: S&P BSE Sensex - 100%	Last 1 Year	31-Oct-13	37.1965	21164.52	31.96%	31.66%		
Corpus as on 31 Oct, 14	: ₹2,071.71 Crs.	Last 2 Years	31-Oct-12	32.0204	18505.38	23.81%	22.71%		
		Last 3 Years	31-Oct-11	30.6328	17705.01	17.02%	16.32%		
		Last 4 Years	29-Oct-10	35.6801	20032.34	8.30%	8.60%		
		Last 5 Years	30-Oct-09	27.8780	15896.28	11.98%	11.88%		
		Since Inception	02-Mar-04	10.0000	5823.17	16.08%	15.80%		
<small>Note: The investment income and prices may go down as well as up. "Since Inception" and returns above "1 Year" are calculated as per CAGR.</small>									

Whole Life Mid-Cap Equity Fund (ULIF 009 04/01/07 WLE 110)

Fund Details		Fund Performance					Asset Allocation		
Investment Objective	: The primary investment objective of the Fund is to generate long term capital appreciation from a portfolio that is invested predominantly in Mid Cap Equity and Mid Cap Equity linked securities.	PERIOD	DATE	NAV	NSE CNX MIDCAP	NAV Change	INDEX Change		
NAV as on 31 Oct, 14	: ₹26.4512	Last 6 Months	30-Apr-14	18.3133	8783.65	44.44%	34.81%		
Benchmark	: NSE CNX MIDCAP-100%	Last 1 Year	31-Oct-13	16.0585	7534.80	64.72%	57.15%		
Corpus as on 31 Oct, 14	: ₹2,001.51 Crs.	Last 2 Years	31-Oct-12	14.5770	7763.05	34.71%	23.50%		
		Last 3 Years	31-Oct-11	12.8984	7267.15	27.05%	17.67%		
		Last 4 Years	29-Oct-10	15.2196	9360.70	14.82%	6.05%		
		Last 5 Years	30-Oct-09	10.9220	6579.80	19.35%	12.47%		
		Since Inception	08-Jan-07	10.0000	5156.45	13.25%	11.22%		
<small>Note: The investment income and prices may go down as well as up. "Since Inception" and returns above "1 Year" are calculated as per CAGR.</small>									

Large Cap Equity Fund (ULIF 017 07/01/08 TLC 110)

Fund Details		Fund Performance					Asset Allocation		
Investment Objective	: The primary investment objective of the Fund is to generate long term capital appreciation from a portfolio that is invested predominantly in equity and equity linked securities.	PERIOD	DATE	NAV	CNX Nifty	NAV Change	INDEX Change		
NAV as on 31 Oct, 14	: ₹17.7268	Last 6 Months	30-Apr-14	14.0508	6696.40	26.16%	24.28%		
Benchmark	: CNX Nifty-100%	Last 1 Year	31-Oct-13	13.0579	6299.15	35.76%	32.12%		
Corpus as on 31 Oct, 14	: ₹1,033.39 Crs.	Last 2 Years	31-Oct-12	11.3347	5619.70	25.06%	21.69%		
		Last 3 Years	31-Oct-11	10.4694	5326.60	19.19%	16.04%		
		Last 4 Years	29-Oct-10	11.7967	6017.70	10.72%	8.44%		
		Last 5 Years	30-Oct-09	9.1960	4711.70	14.03%	12.05%		
		Since Inception	07-Jan-08	10.0000	6279.10	8.76%	4.22%		
<small>Note: The investment income and prices may go down as well as up. "Since Inception" and returns above "1 Year" are calculated as per CAGR.</small>									

Future Equity Pension Fund (ULIF 020 04/02/08 FEP 110)

Fund Details		Fund Performance					Asset Allocation		
Investment Objective	: The primary investment objective of the Fund is to generate long term capital appreciation from a portfolio that is invested predominantly in equity and equity linked securities.	PERIOD	DATE	NAV	CNX Nifty	NAV Change	INDEX Change		
NAV as on 31 Oct, 14	: ₹19.2993	Last 6 Months	30-Apr-14	15.1515	6696.40	27.38%	24.28%		
Benchmark	: CNX Nifty-100%	Last 1 Year	31-Oct-13	14.2262	6299.15	35.66%	32.12%		
Corpus as on 31 Oct, 14	: ₹211.65 Crs.	Last 2 Years	31-Oct-12	12.5553	5619.70	23.98%	21.69%		
		Last 3 Years	31-Oct-11	11.9121	5326.60	17.45%	16.04%		
		Last 4 Years	29-Oct-10	13.5248	6017.70	9.30%	8.44%		
		Last 5 Years	30-Oct-09	10.4310	4711.70	13.09%	12.05%		
		Since Inception	04-Feb-08	10.0000	5463.50	10.24%	6.44%		
<small>Note: The investment income and prices may go down as well as up. "Since Inception" and returns above "1 Year" are calculated as per CAGR.</small>									

Select Equity Fund (ULIF 024 06/10/08 TSE 110)

Fund Details		Fund Performance					Asset Allocation		
Investment Objective	: The primary investment objective of the fund is to provide income distribution over a period of medium to long term while at all times emphasizing the importance of capital appreciation. The fund will invest significant amount in equity and equity linked instruments specifically excluding companies predominantly dealing in Gambling, Lotteries/Contests, Animal Produce, Liquor, Tobacco, Entertainment (Films, TV etc) Hotels, Banks and Financial Institutions.	PERIOD	DATE	NAV	CNX India 500 Shariah Index	NAV Change	INDEX Change		
NAV as on 31 Oct, 14	: ₹29.9939	Last 6 Months	30-Apr-14	22.8216	1621.94	31.43%	26.83%		
Benchmark	: CNX India 500 Shariah Index - 100%	Last 1 Year	31-Oct-13	20.9464	1508.66	43.19%	36.35%		
Corpus as on 31 Oct, 14	: ₹221.93 Crs.	Last 2 Years	31-Oct-12	18.2272	1295.54	28.28%	26.01%		
		Last 3 Years	31-Oct-11	17.1120	1256.78	20.57%	17.85%		
		Last 4 Years	29-Oct-10	18.5533	1408.93	12.76%	9.92%		
		Last 5 Years	30-Oct-09	14.4660	1132.92	15.70%	12.67%		
		Since Inception	06-Oct-08	10.0000	844.46	19.83%	15.80%		
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(Funds with AUM of more than ₹125 crores as on 31st October 2014)

Super Select Equity Fund (ULIF 035 16/10/09 TSS 110)

Fund Details		Fund Performance				Asset Allocation		
Investment Objective	The primary investment objective of the fund is to provide income distribution over a period of medium to long term while at all times emphasizing the importance of capital appreciation	PERIOD	DATE	NAV	CNX India 500 Shariah Index	NAV Change	INDEX Change	
NAV as on 31 Oct, 14	₹19.8242	Last 6 Months	30-Apr-14	14.9399	1621.94	32.69%	26.83%	
Benchmark	CNX India 500 Shariah Index - 100%	Last 1 Year	31-Oct-13	13.6602	1508.66	45.12%	36.35%	
Corpus as on 31 Oct, 14	₹866.93 Crs.	Last 2 Years	31-Oct-12	11.8568	1295.54	29.30%	26.01%	
		Last 3 Years	31-Oct-11	11.2286	1256.78	20.86%	17.85%	
		Last 4 Years	29-Oct-10	12.0903	1408.93	13.16%	9.92%	
		Last 5 Years	30-Oct-09	10.0380	1132.92	14.58%	12.67%	
		Since Inception	16-Oct-09	10.0000	1217.76	14.53%	10.95%	
Note: The investment income and prices may go down as well as up. "Since Inception" and returns above "1 Year" are calculated as per CAGR.								

Top 200 Fund (ULIF 027 12/01/09 ITT 110)

Fund Details		Fund Performance				Asset Allocation		
Investment Objective	The Top 200 fund will invest primarily in select stocks and equity linked instruments which are a part of BSE 200 Index with a focus on generating long term capital appreciation. The fund will not replicate the index but aim to attain performance better than the performance of the Index. As a defensive strategy arising out of market conditions, the scheme may also invest in debt and money market instruments.	PERIOD	DATE	NAV	S&P BSE 200	NAV Change	INDEX Change	
NAV as on 31 Oct, 14	₹30.2275	Last 6 Months	30-Apr-14	22.9822	2688.05	31.53%	26.20%	
Benchmark	S&P BSE 200 - 100%	Last 1 Year	31-Oct-13	20.9344	2490.49	44.39%	36.21%	
Corpus as on 31 Oct, 14	₹223.99 Crs.	Last 2 Years	31-Oct-12	19.0705	2276.15	25.90%	22.08%	
		Last 3 Years	31-Oct-11	17.9093	2155.58	19.06%	16.32%	
		Last 4 Years	29-Oct-10	20.4406	2541.85	10.28%	7.48%	
		Last 5 Years	30-Oct-09	15.8400	1962.88	13.80%	11.56%	
		Since Inception	12-Jan-09	10.0000	1091.37	21.00%	21.58%	
Note: The investment income and prices may go down as well as up. "Since Inception" and returns above "1 Year" are calculated as per CAGR.								

Balanced Funds

Aggressive Growth Fund (ULIF 006 01/07/06 TAL 110)

Fund Details		Fund Performance				Asset Allocation	
Investment Objective	The primary investment objective of the fund is to maximize the returns with medium to high risk.	PERIOD	DATE	NAV	NAV Change	INDEX Change	
NAV as on 31 Oct, 14	₹23.1713	Last 6 Months	30-Apr-14	18.8533	22.90%	18.36%	
Benchmark	S&P BSE Sensex - 65%, CRISIL Composite Bond Index - 35%	Last 1 Year	31-Oct-13	17.7882	30.26%	24.68%	
Corpus as on 31 Oct, 14	₹218.44 Crs.	Last 2 Years	31-Oct-12	16.2661	19.35%	17.65%	
		Last 3 Years	31-Oct-11	15.3088	14.82%	13.67%	
		Last 4 Years	29-Oct-10	16.8974	8.21%	8.40%	
		Last 5 Years	30-Oct-09	13.9270	10.72%	10.34%	
		Since Inception	01-Jul-06	10.0000	10.60%	10.43%	
Note: The investment income and prices may go down as well as up. "Since Inception" and returns above "1 Year" are calculated as per CAGR.							

Whole Life Aggressive Growth Fund (ULIF 010 04/01/07 WLA 110)

Fund Details		Fund Performance				Asset Allocation	
Investment Objective	The primary investment objective of the fund is to maximize the returns with medium to high risk.	PERIOD	DATE	NAV	NAV Change	INDEX Change	
NAV as on 31 Oct, 14	₹22.5916	Last 6 Months	30-Apr-14	18.3417	23.17%	18.35%	
Benchmark	Nifty - 65%, CRISIL Composite Bond Index - 35%	Last 1 Year	31-Oct-13	17.1737	31.55%	24.97%	
Corpus as on 31 Oct, 14	₹417.42 Crs.	Last 2 Years	31-Oct-12	15.5280	20.62%	16.99%	
		Last 3 Years	31-Oct-11	14.3471	16.34%	13.48%	
		Last 4 Years	29-Oct-10	15.4002	10.05%	8.29%	
		Last 5 Years	30-Oct-09	12.6020	12.38%	10.45%	
		Since Inception	08-Jan-07	10.0000	10.99%	9.02%	
Note: The investment income and prices may go down as well as up. "Since Inception" and returns above "1 Year" are calculated as per CAGR.							

Growth Fund (ULIF 004 04/02/04 TGL 110)

Fund Details		Fund Performance				Asset Allocation	
Investment Objective	The primary investment objective of the fund is to maximize the returns with medium to high risk.	PERIOD	DATE	NAV	NAV Change	INDEX Change	
NAV as on 31 Oct, 14	₹36.2504	Last 6 Months	30-Apr-14	29.9451	21.06%	18.36%	
Benchmark	S&P BSE Sensex - 65%, CRISIL Composite Bond Index - 35%	Last 1 Year	31-Oct-13	28.4829	27.27%	24.68%	
Corpus as on 31 Oct, 14	₹139.60 Crs.	Last 2 Years	31-Oct-12	25.5318	19.16%	17.65%	
		Last 3 Years	31-Oct-11	24.0072	14.72%	13.67%	
		Last 4 Years	29-Oct-10	26.6466	8.00%	8.40%	
		Last 5 Years	30-Oct-09	22.4250	10.08%	10.34%	
		Since Inception	02-Mar-04	10.0000	12.83%	12.37%	
Note: The investment income and prices may go down as well as up. "Since Inception" and returns above "1 Year" are calculated as per CAGR.							

Quick Glance - Funds Performance

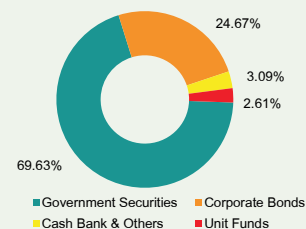
(Funds with AUM of more than ₹125 crores as on 31st October 2014)

Fixed Income Funds

Whole Life Income Fund (ULIF 012 04/01/07 WLI 110)

Fund Details		Fund Performance				Asset Allocation	
Investment Objective	: The primary investment objective of the Fund is to generate income through investing in a range of debt and money market instruments of various maturities with a view to maximizing the optimal balance between yield, safety and liquidity. The Fund will have no investments in equity or equity linked instruments at any point in time.	PERIOD	DATE	NAV	Crisil Composite Bond Fund Index	NAV Change	INDEX Change
NAV as on 31 Oct, 14	: ₹17.6535	Last 6 Months	30-Apr-14	16.4067	2067.58	7.60%	7.33%
Benchmark	: CRISIL Composite Bond Index -100%	Last 1 Year	31-Oct-13	15.7956	1986.44	11.76%	11.71%
Corpus as on 31 Oct, 14	: ₹241.95 Crs.	Last 2 Years	31-Oct-12	14.9077	1893.77	8.82%	8.25%
		Last 3 Years	31-Oct-11	13.3245	1725.98	9.83%	8.74%
		Last 4 Years	29-Oct-10	12.4847	1630.21	9.05%	8.01%
		Last 5 Years	30-Oct-09	11.8230	1548.15	8.35%	7.47%
		Since Inception	08-Jan-07	10.0000	1298.79	7.54%	7.09%
		Note : The investment income and prices may go down as well as up. "Since Inception" and returns above "1 Year" are calculated as per CAGR.					

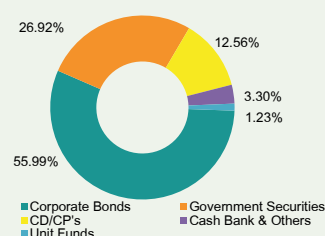
Asset Allocation



Whole Life Short Term Fixed Income Fund (ULIF 013 04/01/07 WLF 110)

Fund Details		Fund Performance				Asset Allocation	
Investment Objective	: The primary investment objective of the Fund is to generate stable returns by investing in fixed income securities having shorter maturity periods. Under normal circumstances, the average maturity of the Fund may be in the range of 1-3 years.	PERIOD	DATE	NAV	Crisil Short Term Bond Index	NAV Change	INDEX Change
NAV as on 31 Oct, 14	: ₹17.5310	Last 6 Months	30-Apr-14	16.7278	2221.29	4.80%	5.20%
Benchmark	: CRISIL Short Term Bond Index -100%	Last 1 Year	31-Oct-13	16.0462	2124.14	9.25%	10.01%
Corpus as on 31 Oct, 14	: ₹140.14 Crs.	Last 2 Years	31-Oct-12	14.8131	1961.50	8.79%	9.15%
		Last 3 Years	31-Oct-11	13.4952	1795.08	9.11%	9.19%
		Last 4 Years	29-Oct-10	12.5527	1675.18	8.71%	8.68%
		Last 5 Years	30-Oct-09	11.9080	1597.95	8.04%	7.90%
		Since Inception	08-Jan-07	10.0000	1281.09	7.45%	7.99%
		Note : The investment income and prices may go down as well as up. "Since Inception" and returns above "1 Year" are calculated as per CAGR.					

Asset Allocation



Guaranteed NAV Funds

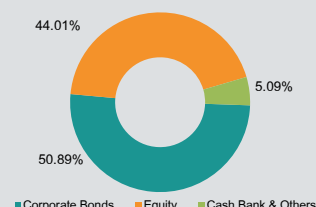
The fund would be predominantly invested in equity at inception, wherein the dynamic asset allocation mechanism allocates the portfolio between equity and debt. This dynamic asset allocation is based on the performance of equity markets and movements in interest rates. The equity allocation may be reallocated to debt if the equity markets or interest rates fall, to safeguard the guarantee.

Over time, the asset mix will predominantly shift to debt to protect the guarantee. This dynamic asset allocation process will drive the returns generated by the Apex Return Lock-in Fund. The dynamic asset allocation shifts the allocation of the fund from an equity bias to a debt bias, overtime. This would mean that the Guaranteed NAV would not mimic the highest level of the equity market, over the period the guarantee is applicable. Any unexpected and sharp falls in equity market and/or interest rates, during the period the guarantee is applicable, may trigger the allocation to completely move towards debt, to protect the highest NAV achieved prior to the fall. Overall, it is an ideal fund for an investor who wants to take advantage of high returns in a positive market scenario while safe-guarding the investment during any downturn.

APEX Return Lock-In Fund (ULIF 032 18/02/09 ARL 110)

Fund Details		Fund Performance				Asset Allocation	
Investment Objective	: The investment objective for Apex Return Lock-in Fund is to use the participation in an actively managed well diversified equity portfolio of large cap companies to generate capital appreciation and use high credit quality debt instruments to lock-in that capital appreciation. The initial asset allocation in equities is targeted at 80% to 100%.	PERIOD	DATE	NAV	NAV Change		
The highest NAV recorded on reset date	: ₹16.0038	Last 6 Months	30-Apr-14	14.2771	15.05%		
Corpus as on 31 Oct, 14	: ₹305.65 Crs.	Last 1 Year	31-Oct-13	13.5862	20.90%		
		Last 2 Years	31-Oct-12	12.2975	15.57%		
		Last 3 Years	31-Oct-11	11.4018	12.94%		
		Last 4 Years	29-Oct-10	12.3896	7.30%		
		Last 5 Years	30-Oct-09	10.3040	9.77%		
		Since Inception	10-Jun-09	10.0000	9.64%		
		Note : The investment income and prices may go down as well as up. "Since Inception" and returns above "1 Year" are calculated as per CAGR.					

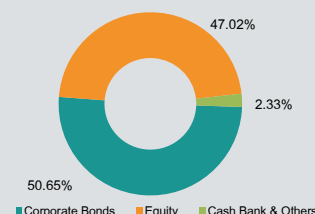
Asset Allocation



APEX Return Lock-In Fund II (ULIF 033 03/08/09 AR2 110)

Fund Details		Fund Performance				Asset Allocation	
Investment Objective	: The investment objective for Apex Return Lock-in Fund II is to use the participation in an actively managed well diversified equity portfolio of large cap companies to generate capital appreciation and use high credit quality debt instruments to lock-in that capital appreciation. The initial asset allocation in equities is targeted at 80% to 100%.	PERIOD	DATE	NAV	NAV Change		
The highest NAV recorded on reset date	: ₹15.0952	Last 6 Months	30-Apr-14	13.4444	15.22%		
Corpus as on 31 Oct, 14	: ₹234.75 Crs.	Last 1 Year	31-Oct-13	12.7752	21.26%		
		Last 2 Years	31-Oct-12	11.4997	16.06%		
		Last 3 Years	31-Oct-11	10.6737	13.22%		
		Last 4 Years	29-Oct-10	11.4930	7.75%		
		Since Inception	10-Nov-09	10.0000	9.19%		
		Note : The investment income and prices may go down as well as up. "Since Inception" and returns above "1 Year" are calculated as per CAGR.					

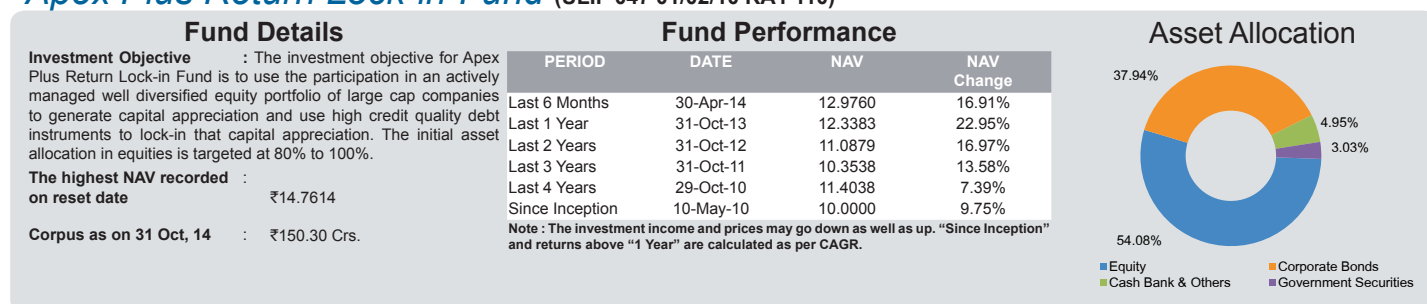
Asset Allocation



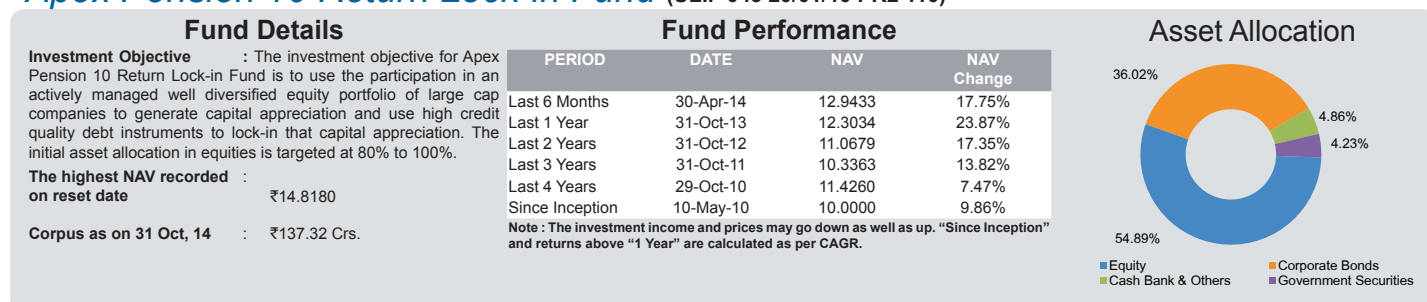
Quick Glance - Funds Performance

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Apex Plus Return Lock-in-Fund (ULIF 047 01/02/10 RA1 110)



Apex Pension 10 Return Lock-in Fund (ULIF 043 20/01/10 PR2 110)



Equity Outlook

The month of October 2014 saw the benchmark index BSE Sensex and CNX Nifty gain 4.64% and 4.49% respectively. The Mid-cap index, CNX Mid-cap gained 3.70% during the same period.

FII's were net buyers with inflows of around USD 0.12 bn in the month of October 2014 and the DII's were net buyers to the tune of around USD 0.67 bn, with insurance companies' net sellers of around USD 0.15 bn and domestic mutual funds, net buyers to the extent of around USD 0.82 bn over the same period. In the first ten months of the calendar year 2014, the FII's had been net buyers to the tune of USD 13.8 bn with the DII's net sellers to the tune of USD 4.9 bn, insurance companies' net sellers to the tune of USD 7.2 bn and mutual funds buying Indian equities to the tune of USD 2.3 bn.

The second quarter FY 2015 earnings season has been largely disappointing thus far, with the IT Services companies unable to meet elevated market expectations. The asset quality concerns have continued to weigh down the NBFCs and PSU banks even as some of large private sector banks have reported acceleration in corporate lending. The government has helped revive the business sentiment and instill confidence in Corporate India as growth seems to be bottoming out and the economy seems poised for a gradual recovery. Given this backdrop, earning estimates for the next fiscal year are beginning to see upward revisions even as those for the current fiscal remain muted. The sharp correction in global commodity price can be a tailwind to corporate earnings.

The month of October 2014 saw the government pursue the reforms agenda in right earnest as it announced key policy measures like deregulation of diesel price, hike in natural gas price, ordinance on coal block auctioning and easing of FDI norms in the Construction sector.

There are some early signs of an uptick in the economic activity as companies received about ₹670bn worth of fresh orders in Q2 FY 2015, up 45 % on a quarter-on-quarter basis, the highest in the past four quarters. The momentum has continued into the month of October led by the capital goods companies followed by construction and infrastructure firms.

The NHA has lined up a robust pipeline of road projects to be bid over the next 2-3 months totaling around 4000 km projects in sharp contrast to tepid award activity of just 1,000 kms over FY2012-13. The large quantum of awards on offer and rational bidding expected by developers could help sustain this sector.

Public sector banks continue to be under pressure to raise capital levels. The finance ministry has initiated an exercise to cut government stake in public sector banks to 52% and enable them to raise fresh capital to meet their growth requirements.

Foreign direct investment (FDI) regulation in construction has been eased to make the sector more attractive for overseas investors. The minimum built-up area requirement for FDI in construction projects has been reduced from 50,000 sqm to 20,000 sqm. The Government has also halved the minimum capital requirement for such projects from USD 10mn to USD 5mn. Projects that commit at least 30% of the total project cost toward low-cost affordable housing will be exempted from the minimum built-up area and capitalization requirements.

The Union Cabinet had recommended promulgation of an ordinance to the President to resolve the pending issues arising out of the SC judgment quashing allocation of coal blocks. It allows e-auction of coal blocks to the private users in cement, steel and power and allocation of coal blocks to PSUs which is expected to be completed in 3-4 months for the 74 operational or near operational blocks. The government plans to introduce a bill in the winter session of Parliament as a follow-up to the ordinance that facilitates the sale and allows the coal sector to be opened up.

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Indian equity markets have been the recipients of robust FII flows of USD 13.8 billion over the calendar year 2014, thus far. The global investors would be keenly watching the policy initiatives of the new government as well as the passage of key legislation in the winter session of parliament. We believe that the equity markets continue to offer comfort of reasonable valuations for a long-term investor with a 3-5 year view.

Debt Outlook

Debt market in the month of October 2014 saw the 10 year Government security (G-sec) close the month at 8.28% levels, easing by 24 bps from the September levels. On the corporate bond side, the 10 year AAA corporate bonds closed the month at around 8.81% levels.

The FIIs continued to be buyers of Indian debt to the tune of USD 2.7 bn over the month of October and the cumulative FII inflows in the Indian debt stood at around USD 22.3 bn in the first ten months of the calendar year 2014.

The easing of G-sec yields in October 2014 was due to a confluence of positive factors such as falling global crude oil prices, a slew of reforms from the government such as diesel deregulation, a significantly lower CPI inflation print in September, as well as some measures from the government signaling spending cuts in order to meet the fiscal deficit target.

India's fiscal deficit for the six month period, April-September 2014 was at an elevated 83% of the budgeted target for the entire fiscal year on account of very slow tax collections. Central government expenditure grew at 6.5%yoy during April-September 2014, well within the budgeted of 15%yoy for the full year. While the expenditure seems well contained, the concern stems from an anaemic tax collection as the central government's gross tax collections grew 7%yoy during April-September 2014, below the ambitious budget estimate of 19% yoy. Direct tax collection grew at 8% in the first six months as corporate tax collections and income tax collections remained lacklustre. Indirect tax collections grew by a modest 2% yoy during the first six months on account of a moderating economic activity. The net tax collection was up only 5% yoy for the period April-September 2014 as compared to the budgeted growth of 20% yoy.

In a bid to rein in the deficit, the government announced a 10% reduction in non-plan expenditure, excluding obligatory spending such as debt servicing, salaries, pension & grants. This is a reflection of the intent of the government to deliver the 4.1% budgeted fiscal deficit in the current fiscal.

The minutes of meeting of the RBI's Technical Advisory Committee (TAC) on monetary policy, held on September 24th indicated that four of the seven external members on the committee recommended that the policy repo rate be reduced as real policy rate has become positive with the decline in headline CPI inflation. This has led to some market watchers opining that rate easing might not be as distant on the horizon as was earlier expected. Most market experts believe that the RBI's commentary and guidance may turn dovish at the December monetary policy review itself even though the RBI may not nudge the repo rate lower unless there is clarity on its inflation targeting framework from the government.

The fixed income markets have been in a sweet spot in the month of October on the back of favourable macro situation, falling global commodity prices, credible fiscal policy action and benign liquidity conditions. Strong foreign portfolio investor's flows in the Indian debt market further enabled easing in yields. Given the Gsec limits to FII's are almost fully utilized, RBI might allow FIIs to continue their G-sec purchases by expanding the limit, albeit modestly. The RBI's commentary in its Bi-monthly policy review on 2nd December will shape the trajectory of the fixed income market in the medium term.

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