

The current fall in markets is due to the following key concerns –

- Corporate profit growth has been stagnant. Despite widespread optimism about the future of India's economy, demand growth and infrastructure spending on the ground haven't been as strong as hoped.
- Among the worst off are the companies in the cement and infrastructure sectors, as demand for their products hasn't picked up. Several companies in the cement, manufacturing and construction industries may be reporting losses for the quarter ended March 31
- Construction activity and capital expenditure on infrastructure are almost at a standstill as companies are still struggling with debt and sliding tax revenue is weighing on the government's ability to build the roads, ports and bridges the country needs. The delay in passing the land acquisition legislation is disappointing for large industrial, infrastructure, and road projects
- The compromised design of the GST and its delay is blocking growth of several industries
- Despite repeated assurances by the government, there are still doubts about the consistency and clarity on government's tax policies. Worries over retrospective taxation haven't gone away fully, and the latest issue of tax demands for prior years on international funds investing in India is a serious cause of concern for FIIs
- Portfolio investors have recently been slapped with demands for back taxes as India seems to be changing the way it is taxing international investors without warning. Tax authorities have recently started asking portfolio investors to start paying what is called the minimum alternate tax. Investors had thought the tax didn't apply to them but now tax authorities plan to apply it retroactively.
- The banking system is burdened with asset quality issues
- Global issues are still a cause of concern and may escalate

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