

Consumer Confidence Survey: December 2013 (Round 15)¹

The Consumer Confidence Survey provides an assessment of 5,332 respondents spread across six metropolitan cities viz., Bengaluru, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi. The survey captures qualitative information on a 3 point scale viz. improve, remain same or worsen. The assessments are analysed in two parts, viz., current situation as compared with a year ago and expectations for a year ahead. There are four blocks in the survey schedule broadly covering respondents' perceptions on general economic conditions and own financial situation.

Highlights:

- I. Current Situation Index (CSI) in December 2013 improved marginally due to increase in positive perceptions on spending. There has been an improvement in Future Expectations Index (FEI) due to increase in the net responses on economic conditions, household circumstances, income and employment. Overall the future expectations index reflects the consumer confidence to be neutral.

Current and Future Expectations Index

	Mar-13	Jun-13	Sep-13	Dec-13
Current Situation Index	101.7	101.7	88.0	90.7
Future Expectation Index	103.9	109.8	90.5	100.3

- II. The net response on economic conditions perception of one-year ahead has improved as compared to September 2013 survey. This is largely due to decline in the negative sentiments along with a rise in positive perception (Table 1).
- III. The net response on current household circumstances has been declining over the last four rounds. The outlook, however, remains better. The household perceptions are mainly influenced by salary and business income followed by prices (Table 2 and 3).
- IV. Marginal improvement in income expectations is observed in this round of the survey. This coupled with reduction in negative perceptions has increased the net response on income outlook (Table 4).
- V. Though the respondents reported increase in spending during the current round as compared with one year ago, this proportion has declined sharply with respect to future spending. Only about one fourth of the respondents reported increase in spending where as higher proportion reported decrease in future spending. This has resulted in negative net response on future spending (Table 5 and 6).

¹ The survey data of the previous round was released on October 28, 2013 with the publication "Macroeconomic and Monetary Developments: Second Quarter Review" on the RBI website. The survey results are those of the respondents and are not necessarily shared by the Reserve Bank of India.

- VI. Perceptions on major expenses, in the year ahead, remained similar to those in the earlier rounds with about 60 per cent of the respondents reporting no major expenditure outlays (Table 7).
- VII. There has been overall improvement in the perceptions on employment scenario (Table 8).
- VIII. Around 80 per cent of respondents expect the prices to increase during the next year. Out of these about 88 per cent expected inflation to rise in the next year (Table 9 and 10).

Table 1: Perceptions on Economic Conditions

(Percentage responses)

	Compared with 1-year ago				1-year ahead			
	Mar-13	Jun-13	Sep-13	Dec-13	Mar-13	Jun-13	Sep-13	Dec-13
Improve	28.1	28.2	22.4	22.7	32.8	35.2	29.9	34.8
Remain same	19.3	20.2	18.4	23.3	27.6	27.0	31.5	35.1
Worsen	52.7	51.6	59.3	54.0	39.5	37.8	38.6	30.1
Net Response	-24.6	-23.3	-36.9	-31.2	-6.7	-2.6	-8.8	4.7

Table 2: Perceptions on Household Circumstances

(Percentage responses)

	Compared with 1-year ago				1-year ahead			
	Mar-13	Jun-13	Sep-13	Dec-13	Mar-13	Jun-13	Sep-13	Dec-13
Improve	40.3	42.7	30.8	23.7	43.4	49.5	33.3	37.1
Remain same	29.0	19.9	30.4	38.6	34.9	28.7	38.0	43.3
Worsen	30.7	37.4	38.8	37.7	21.7	21.8	28.7	19.6
Net Response	9.6	5.2	-8.0	-14.0	21.6	27.7	4.6	17.5

Table 3: Major Factors influencing views on Household Circumstances

(Percentage responses)

	Compared with 1-year ago				1-year ahead			
	Mar-13	Jun-13	Sep-13	Dec-13	Mar-13	Jun-13	Sep-13	Dec-13
Salary and business income	78.5	81.5	84.1	70.0	81.1	88.2	81.3	77.2
Interest and dividend income	25.2	12.4	30.8	15.4	20.1	12.2	32.8	15.6
Income from real estate sales	23.7	7.4	26.6	12.1	16.0	6.4	26.2	12.2
Prices	59.6	64.1	76.0	78.8	55.8	67.2	70.6	70.9
Change in value of assets	21.4	2.7	25.8	12.8	19.8	2.8	26.3	13.6
The number of dependent in my family	14.6	7.6	34.5	19.7	14.3	7.5	37.2	20.4

Note: As respondents may report multiple factors, the percentage responses may add up to be more than 100.

Table 4: Perceptions on Income

(Percentage responses)

	Compared with 1-year ago				1-year ahead			
	Mar-13	Jun-13	Sep-13	Dec-13	Mar-13	Jun-13	Sep-13	Dec-13
Increase	47.5	44.7	34.5	30.9	51.6	59.1	41.7	45.4
Remain same	35.3	40.8	43.5	53.5	35.9	31.8	41.2	46.4
Decrease	17.2	14.5	21.9	15.5	12.5	9.1	17.1	8.2
Net Response	30.3	30.1	12.6	15.4	39.0	50.0	24.6	37.2

Table 5: Perceptions on Spending

(Percentage responses)

	Compared with 1-year ago				1-year ahead			
	Mar-13	Jun-13	Sep-13	Dec-13	Mar-13	Jun-13	Sep-13	Dec-13
Increase	77.3	84.0	61.8	76.7	52.5	53.5	28.4	26.4
Remain same	18.3	12.2	30.7	19.4	29.0	32.0	39.5	44.8
Decrease	4.4	3.8	7.5	3.9	18.5	14.6	32.1	28.8
Net Response	72.9	80.1	54.3	72.8	34.0	38.9	-3.7	-2.4

Table 6: Major Factors influencing Spending Perception

(Percentage responses)

	Income	Future income	Non-financial assets	Financial assets	Expenditure on real estate	Expenditure on consumer durables	Number of dependents	Cost of consumer goods	Cost of services
Mar-13	47.4	29.4	20.0	18.8	27.0	47.3	27.0	79.3	72.1
Jun-13	45.2	16.2	5.4	13.6	7.4	33.0	20.4	85.1	79.1
Sep-13	66.6	32.1	20.5	40.0*	26.2	39.0	49.9	79.4	70.4
Dec-13	51.2	22.2	9.7	17.7	20.8	38.2	41.8	83.0	66.9

*: Includes 8.9 per cent reporting spending on bonds and fixed deposits.

Note: As respondents may report multiple factors, total of percentage relating to factors may be more than 100.

Table 7: Perceptions on Outlays for Major Expenditure

(Percentage responses)

		Mar-13	Jun-13	Sep-13	Dec-13
Motor Vehicle	Yes	15.9	12.8	13.1	14.4
	Can't Say	18.5	16.4	19.2	17.3
	No	65.6	70.8	67.7	68.2
House	Yes	14.2	13.6	14.1	17.7
	Can't Say	17.0	13.0	16.6	15.4
	No	68.8	73.4	69.3	67.0
Durable goods	Yes	15.6	13.5	15.3	21.9
	Can't Say	17.3	14.9	18.4	18.6
	No	67.1	71.6	66.4	59.4
Gold	Yes	21.7	21.3	9.8	18.9
	Can't Say	16.9	12.0	12.2	15.4
	No	61.4	66.7	78.0	65.8

Table 8: Perceptions on Employment

(Percentage responses)

	Compared with 1-year ago				1-year ahead			
	Mar-13	Jun-13	Sep-13	Dec-13	Mar-13	Jun-13	Sep-13	Dec-13
Improve	39.4	40.9	26.6	29.1	47.5	51.1	35.3	45.1
Remain Same	33.3	31.7	34.6	36.5	30.1	30.3	34.0	34.7
Worsen	27.3	27.4	38.8	34.4	22.3	18.6	30.7	20.2
Net Response	12.1	13.6	-12.1	-5.3	25.2	32.5	4.6	24.9

Table 9: Perceptions on price level

(Percentage responses)

	Compared with 1-year ago				1-year ahead			
	Mar-13	Jun-13	Sep-13	Dec-13	Mar-13	Jun-13	Sep-13	Dec-13
Increase	92.2	96.0	85.2	94.2	91.5	90.2	82.6	83.0
Remain same	5.9	3.7	11.4	5.1	6.7	7.2	13.1	14.0
Decrease	2.0	0.3	3.4	0.7	1.8	2.5	4.4	3.0
Net Response	-90.2	-95.7	-81.8	-93.5	-89.8	-87.7	-78.2	-80.0

Note: Perception of increase in prices is considered to be negative sentiments and decrease in prices is considered to be positive sentiments. The net responses are therefore, negative.

Table 10: Perceptions on rate of change in price levels (Inflation)

(Percentage responses)

	Compared with 1-year ago				1-year ahead			
	Mar-13	Jun-13	Sep-13	Dec-13	Mar-13	Jun-13	Sep-13	Dec-13
Increase	89.3	92.7	89.0	93.4	86.4	90.2	85.4	87.8
Remain Same	10.4	6.8	8.3	6.2	12.8	9.5	10.9	11.1
Decrease	0.4	0.4	2.7	0.4	0.7	0.3	3.7	1.1
Net Response	-88.9	-92.3	-86.3	-93.0	-85.7	-90.0	-81.6	-86.6