

Consumer Confidence Survey: March 2013 (Round 12)¹

The Consumer Confidence Survey of Households for the January - March 2013 quarter (12th round), provides an assessment of the consumer sentiments of 5,339 urban households across 6 cities viz., Bengaluru, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi, based on their perceptions of the general economic conditions and their own financial situation. The assessments are analysed in two parts, viz., current situation as compared with a year ago and expectations for a year ahead. The survey results are those of the respondents and are not necessarily shared by the Reserve Bank of India.

Highlights:

- i. The negative sentiments with respect to the current and future economic conditions have been rising over the last four quarters. The outlook has been comparatively better than the perception on current economic conditions.
- ii. The net response for current household circumstances has been consistently declining over the last four rounds. The positive perceptions on future household circumstances are marginally lower than that of the last round.
- iii. Net responses on current and future income have decreased as compared with the last round. Around one third respondents reported that their income has remained at the same level as that of last year or would remain the same next year also.
- iv. There has been a marginal decline in the proportion of respondents reporting increase in current spending. On the other hand marginal increase has been observed in the proportion of respondents reporting increase in future spending.
- v. About one third of the respondents reported no change in the employment scenario. However, the perception on future employment scenario remains optimistic.

¹ Prepared in the Department of Statistics and Information Management, New Delhi. The previous round of survey data was released on January 28, 2013 with Macroeconomic and Monetary Developments: Third Quarter Review 2012-13 on the RBI Website. The survey schedule and methodology for constructing the confidence index were published in the December 2011 issue of the RBI Bulletin.

- vi. Nearly two per cent of respondents reported moderation in the prices. Net response on price perceptions has improved in this round as compared to the earlier three rounds.
- vii. More than 89 per cent of the respondents (out of those who perceived increase in price levels) felt that inflation rate also increased as compared to last year. This proportion was relatively lower in respect of one year ahead inflation perception.
- viii. From the borrowers' point of view, the proportion of respondents perceiving interest rate as high has eased. On the other hand, 75 per cent of respondents felt that the interest rates were low from depositors' perspective.
- ix. *Current Situation Index (CSI)*, declined sharply during the current quarter and *Future Expectations Index (FEI)* has reached the threshold level of 100.

Table 1: Opinion on Economic Conditions

(Percentage responses)

	Current				Future			
	Jun-12	Sep-12	Dec-12	Mar-13	Jun-12	Sep-12	Dec-12	Mar-13
Improve	49.6	37.5	37.5	28.1	55.5	44.4	39.6	32.8
Remain Same	13.1	23.8	21.3	19.3	20.9	27.7	28.5	27.6
Worsen	37.3	38.7	41.2	52.7	23.6	27.8	31.9	39.5
Net Response	12.2	-1.2	-3.8	-24.6	31.9	16.6	7.6	-6.7

Table 2: Perceptions on Household circumstances

(Percentage responses)

	Current				Future		
	Jun-12	Sep-12	Dec-12	Mar-13	Sep-12	Dec-12	Mar-13
Better off	57.1	45.0	44.8	40.3	44.1	46.0	43.4
Difficult to say / Remain the same	7.8	26.2	25.1	29.0	34.7	31.1	34.9
Worse off	35.1	28.8	30.0	30.7	21.3	22.9	21.7
Net Response	22.0	16.2	14.8	9.6	22.8	23.1	21.6

Table 3: Major Factors influencing views on Household Circumstances

(Percentage responses)

	Current				Future		
	Jun-12	Sep-12	Dec-12	Mar-13	Sep-12	Dec-12	Mar-13
Salary and business income	85.2	81.0	76.1	78.5	83.1	73.8	81.1
Interest and dividend income	32.1	26.2	21.0	25.2	23.2	23.1	20.1
Income from sales of real estate	20.7	22.5	16.9	23.7	21.1	18.9	16.0
Prices	48.1	50.7	52.6	59.6	42.5	50.6	55.8
Change in value of assets	19.0	21.9	18.1	21.4	19.1	20.4	19.8
Changes in the number of dependent in the family	23.8	24.4	18.6	14.6	21.4	17.1	14.3

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

Table 4: Perceptions on Income

(Percentage responses)

	Current				Future			
	Jun-12	Sep-12	Dec-12	Mar-13	Jun-12	Sep-12	Dec-12	Mar-13
Increase	59.5	47.8	52.4	47.5	65.0	51.9	54.5	51.6
Remain same	15.9	36.1	32.3	35.3	27.5	37.8	35.9	35.9
Decrease	24.5	16.1	15.3	17.2	7.5	10.3	9.6	12.5
Net Response	35.0	31.7	37.1	30.3	57.4	41.5	44.9	39.0

Table 5: Perceptions on Spending

(Percentage responses)

	Current				Future			
	Jun-12	Sep-12	Dec-12	Mar-13	Jun-12	Sep-12	Dec-12	Mar-13
Increase	74.7	83.6	78.5	77.3	61.0	57.9	51.5	52.5
Remain same	5.8	13.0	17.0	18.3	25.0	22.4	30.2	29.0
Decrease	19.4	3.4	4.5	4.4	14.0	19.7	18.2	18.5
Net Response	55.3	80.3	74.1	72.9	47.0	38.2	33.3	34.0

Table 6: Major Factors influencing Changes in Spending

(Percentage responses)

	Income	Future Income	Non-financial assets	Financial assets	Expenditure for real estate	Expenditure on consumer durables	No. of dependents	Cost of consumer goods	Cost of services
Jun-12	88.6	60.2	20.6	12.7	30.5	25.3	26.0	67.7	51.2
Sep-12	44.0	31.0	19.8	17.6	20.7	32.6	29.9	82.3	68.6
Dec-12	46.2	24.3	17.4	15.3	23.7	40.6	36.8	76.3	66.7
Mar-13	47.4	29.4	20.0	18.8	27.0	47.3	27.0	79.3	72.1

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

Table 7: Perceptions on Major Expenditure Outlays

(Percentage responses)

	Dec-12			Mar-13			
	Motor Vehicle	House	Durable goods	Motor Vehicle	House	Durable goods	Gold
Yes	19.7	12.7	20.0	15.9	14.2	15.6	21.7
Can't Say	14.4	20.5	18.6	18.5	17.0	17.3	16.9
No	65.9	66.9	61.4	65.6	68.8	67.1	61.4

Table 8: Perceptions on Price level

(Percentage responses)

	Current				Future			
	Jun-12	Sep-12	Dec-12	Mar-13	Jun-12	Sep-12	Dec-12	Mar-13
Increase	91.9	96.3	95.0	92.2	90.8	94.9	93.0	91.5
No Change	7.2	3.4	4.5	5.9	8.4	3.6	5.8	6.7
Decrease	0.9	0.3	0.5	2.0	0.8	1.6	1.1	1.8
Net Response	-91.0	-96.0	-94.4	-90.2	-90.1	-93.3	-91.9	-89.8

Note: Perceptions 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 9: Perception on Rate of Price Increase

(Percentage responses)

	Current			Future		
	Sep-12	Dec-12	Mar-13	Sep-12	Dec-12	Mar-13
More	90.0	93.0	89.3	89.9	86.3	86.4
No Change	9.1	6.2	10.4	8.2	12.5	12.8
Less	0.9	0.8	0.4	1.9	1.2	0.7
Net Response	-89.1	-92.2	-88.9	-88.0	-85.1	-85.7

Table 10: Current Interest Levels from Borrowers' and Depositors' Point of View

(Percentage responses)

	Borrower				Depositor			
	Jun-12	Sep-12	Dec-12	Mar-13	Jun-12	Sep-12	Dec-12	Mar-13
Low	6.2	7.8	7.8	6.7	77.2	66.2	74.7	69.9
Appropriate	18.9	24.5	19.2	21.7	20.4	25.4	20.7	26.9
High	74.8	67.7	73.1	71.5	2.3	8.3	4.6	3.2

Table 11: Current & Future perceptions on Employment

(Percentage responses)

	Current			Future			
	Sep-12	Dec-12	Mar-13	Jun-12	Sep-12	Dec-12	Mar-13
Improve	42.8	37.2	39.4	50.8	43.6	42.2	47.5
Remain same	25.5	39.4	33.3	28.3	33.3	32.0	30.1
Worsen	31.7	23.3	27.3	20.9	23.1	25.8	22.3
Net Response	11.1	13.9	12.1	30.0	20.5	16.3	25.2

Table 12: Current and Future Expectations Index

	Jun-12	Sep-12	Dec-12	Mar-13
Current Situation Index	106.7	106.2	105.5	99.6
Future Expectation Index	115.2	104.7	102.0	100.4