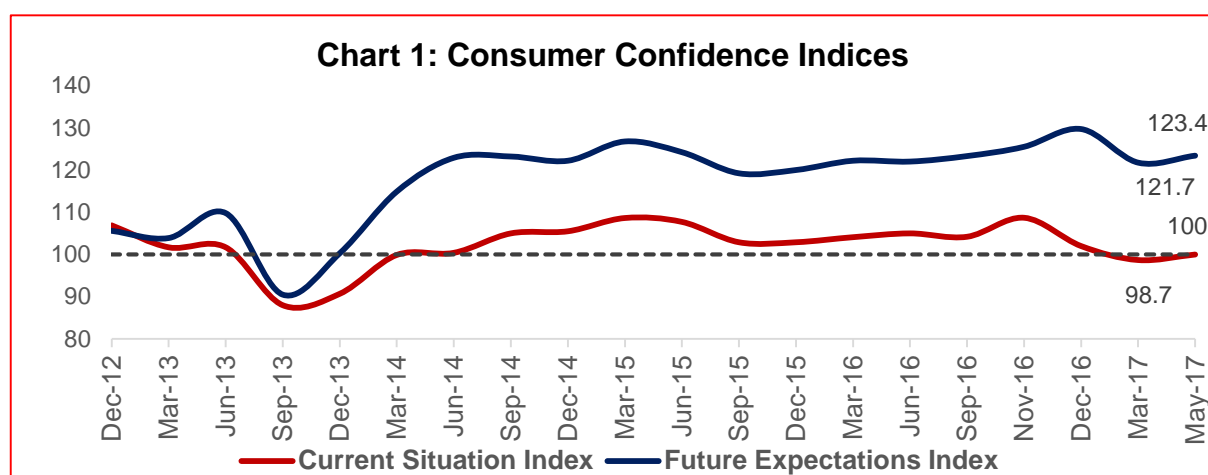


## Consumer Confidence Survey

The May 2017 round of the Consumer Confidence Survey (CCS)<sup>1</sup> conducted by the Reserve Bank in six metropolitan cities - Bengaluru; Chennai; Hyderabad; Kolkata; Mumbai; and New Delhi - obtained 4,881 responses on households' perceptions and expectations on the general economic situation, the employment scenario, the overall price situation and their own income and spending.

### Highlights:

- I. The Current Situation Index (CSI)<sup>2</sup> recovered from the pessimistic zone in May 2017, pulled up by improved sentiments on the economic situation, price situation and households' income.
- II. The Future Expectations Index (FEI) also rose by 1.7 percentage points over its March 2017 level on an improved outlook on all parameters, barring a marginal decline in spending (Chart 1).







- III. Households' current perceptions on the economic situation improved slightly in May 2017, though net responses remained in the negative zone for the second consecutive round. Respondents' outlook on the future economic situation was, however, more optimistic (Table 1).

<sup>1</sup> The survey results are based on the views of the respondents only.

<sup>2</sup> CSI and FEI are compiled on the basis of net responses on the economic situation, income, spending, employment and the price level for the current period and a year ahead, respectively. CSI/FEI = 100 + Average of Net Responses.

- IV. Households' current perceptions on their income level witnessed a gradual recovery from the low touched in December 2016. Their outlook on income also witnessed a turnaround after a deterioration in the previous two rounds (Table 2).

Summary based on Net Response						
Main Variables	Current Perception compared with 1-year ago			One year ahead Expectations compared with current situation		
	Mar-17	May-17	Change	Mar-17	May-17	Change
Economic Situation	-4.5	-1.3	↑	25.6	28.3	↑
Income	2.7	4.4	↑	40.1	43.6	↑
Spending	82.3	81.8	↓	85.4	84.0	↓
Employment	-6.4	-6.8	↓	30.1	32.0	↑
Price Level	-80.7	-78.0	↑	-72.4	-70.9	↑
<b>Consumer Confidence Index</b>	<b>98.7</b>	<b>100.0</b>	<b>↑</b>	<b>121.7</b>	<b>123.4</b>	<b>↑</b>
 <b>Positive</b> Sentiments with sign of <b>improvement</b> compared to last round			 <b>Negative</b> Sentiments with sign of <b>improvement</b> compared to last round			
 <b>Positive</b> Sentiments with sign of <b>deterioration</b> compared to last round			 <b>Negative</b> Sentiments with sign of <b>deterioration</b> compared to last round			

- V. Respondents largely maintained optimism on overall spending (Table 3), with sentiments on non-essential spending improving (Table 5).
- VI. Current perceptions on employment remained pessimistic, although a marginal improvement over the March 2017 responses is discernible (Table 6).
- VII. The assessment of/ outlook on the current/future price situation showed improvement in the May 2017 round, reversing the pessimism observed in the March 2017 round (Table 8).

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**Table 1: Perceptions and Expectations on Economic Situation**

Survey Round	Current Perception				One year Ahead Expectation			
	Improved	Remained Same	Worsened	Net Response	Will improve	Will remain same	Will worsen	Net Response
Dec-15	38.0	30.9	31.1	7.0	51.0	27.6	21.4	29.6
Mar-16	39.9	30.3	29.8	10.1	54.6	27.2	18.2	36.4
June-16	40.2	27.9	31.9	8.2	54.2	25.5	20.4	33.8
Sept-16	44.6	30.1	25.3	19.4	57.7	24.3	18.0	39.6
Nov-16	49.5	26.6	23.9	25.6	63.0	18.7	18.3	44.8
Dec-16	45.7	24.1	30.3	15.4	66.3	16.6	17.1	49.2
Mar-17	35.6	24.4	40.0	-4.5	52.1	21.4	26.5	25.6
May-17	36.4	25.9	37.7	-1.3	52.4	23.5	24.1	28.3

**Table 2: Perceptions and Expectations on Income**

(Percentage responses)

Survey Round	Current Perception				One year Ahead Expectation			
	Increased	Remained same	Decreased	Net Response	Will increase	Will remain same	Will decrease	Net Response
Dec-15	28.7	50.2	21.1	7.7	49.1	40.4	10.5	38.6
Mar-16	31.3	48.9	19.8	11.5	52.1	39.3	8.6	43.5
June-16	29.9	51.8	18.4	11.5	51.2	39.9	8.9	42.3
Sept-16	31.2	48.6	20.2	11.1	52.3	36.4	11.3	41.1
Nov-16	37.3	45.5	17.2	20.1	57.1	33.4	9.4	47.7
Dec-16	27.1	47.1	25.8	1.3	54.8	33.5	11.7	43.1
Mar-17	27.7	47.3	25.0	2.7	51.8	36.5	11.7	40.1
May-17	28.2	48.0	23.8	4.4	52.8	38.1	9.1	43.6

**Table 3: Perceptions and Expectations on Spending**

(Percentage responses)

Survey Round	Current Perception				One year Ahead Expectation			
	Increased	Remained same	Decreased	Net Response	Will increase	Will remain same	Will decrease	Net Response
Dec-15	78.7	9.8	11.5	67.2	79.3	10.1	10.6	68.6
Mar-16	78.0	9.9	12.1	65.9	78.5	10.6	11.0	67.5
June-16	82.7	8.4	8.8	73.9	82.2	10.2	7.6	74.6
Sept-16	70.3	24.1	5.7	64.6	79.1	17.0	3.9	75.2
Nov-16	73.2	23.6	3.2	70.0	77.3	20.3	2.5	74.8
Dec-16	73.5	20.8	5.6	67.9	78.3	15.8	5.9	72.4
Mar-17	84.4	13.4	2.1	82.3	88.5	8.3	3.1	85.4
May-17	83.4	14.9	1.6	81.8	86.0	11.9	2.0	84.0

**Table 4: Perceptions and Expectations on Spending-Essential Items**

(Percentage responses)

Survey Round	Current Perception				One year Ahead Expectation			
	Increased	Remained same	Decreased	Net Response	Will increase	Will remain same	Will decrease	Net Response
Dec-15	81.4	9.0	9.6	71.8	81.5	9.4	9.1	72.4
Mar-16	79.6	9.3	11.1	68.5	78.6	11.9	9.6	69.0
June-16	83.0	8.2	8.8	74.3	81.1	10.6	8.3	72.8
Sept-16	79.1	16.9	4.0	75.1	82.5	12.7	4.8	77.6
Nov-16	81.7	15.2	3.1	78.6	85.1	10.9	4.0	81.1
Dec-16	76.9	18.4	4.7	72.2	77.5	14.9	7.7	69.8
Mar-17	85.8	11.1	3.1	82.7	87.0	9.2	3.8	83.2
May-17	85.7	11.6	2.8	82.9	86.9	9.6	3.5	83.4

**Table 5: Perceptions and Expectations on Spending-Non-Essential Items**

(Percentage responses)

Survey Round	Current Perception				One year Ahead Expectation			
	Increased	Remained same	Decreased	Net Response	Will increase	Will remain same	Will decrease	Net Response
Dec-15	45.3	28.9	25.8	19.5	49.2	28.6	22.2	27.1
Mar-16	37.7	31.7	30.6	7.1	44.7	33.2	22.1	22.6
June-16	43.9	32.3	23.8	20.1	51.2	30.3	18.5	32.7
Sept-16	50.2	37.6	12.2	38.0	60.6	29.5	9.9	50.7
Nov-16	52.2	36.8	11.1	41.1	62.7	27.6	9.7	53.0
Dec-16	37.3	44.7	18.1	19.2	49.6	35.8	14.7	34.9
Mar-17	48.9	36.4	14.7	34.2	57.8	30.3	11.8	46.0
May-17	51.9	34.6	13.5	38.3	59.9	31.1	9.0	50.9

**Table 6: Perceptions and Expectations on Employment**

(Percentage responses)

Survey Round	Current Perception				One year Ahead Expectation			
	Improved	Remained Same	Worsened	Net Response	Will improve	Will remain same	Will worsen	Net Response
Dec-15	34.0	34.7	31.3	2.6	51.6	29.8	18.7	32.9
Mar-16	34.3	31.1	34.6	-0.3	50.4	31.4	18.1	32.3
June-16	35.6	28.7	35.7	-0.2	51.1	29.6	19.3	31.8
Sept-16	31.7	36.4	31.9	-0.2	50.5	30.5	19.0	31.5
Nov-16	37.6	30.9	31.4	6.2	55.7	26.6	17.7	37.9
Dec-16	31.0	29.8	39.2	-8.3	57.3	24.1	18.6	38.7
Mar-17	32.6	28.4	39.0	-6.4	52.8	24.5	22.7	30.1
May-17	32.5	28.3	39.2	-6.8	52.7	26.7	20.7	32.0

**Table 7: Perceptions and Expectations on Price Level**

(Percentage responses)

Survey Round	Current Perception				One year Ahead Expectation			
	Increased	Remained same	Decreased	Net Response	Will increase	Will remain same	Will decrease	Net Response
Dec-15	79.5	10.9	9.6	-70.0	78.9	11.7	9.4	-69.5
Mar-16	77.3	12.4	10.4	-66.9	78.6	11.7	9.7	-68.8
June-16	78.1	12.5	9.4	-68.7	80.5	11.5	8.0	-72.6
Sept-16	78.2	17.2	4.6	-73.6	77.8	15.4	6.9	-70.9
Nov-16	82.2	14.3	3.6	-78.6	82.9	11.9	5.2	-77.7
Dec-16	73.9	18.3	7.7	-66.2	69.5	16.0	14.5	-55.0
Mar-17	85.8	9.1	5.1	-80.7	81.0	10.4	8.6	-72.4
May-17	83.3	11.3	5.4	-78.0	79.7	11.5	8.8	-70.9

**Table 8: Perceptions and Expectations on Rate of Change in Price Level (Inflation)\***

(Percentage responses)

Survey Round	Current Perception				One year Ahead Expectation			
	Increased	Remained same	Decreased	Net Response	Will increase	Will remain same	Will decrease	Net Response
Dec-15	86.3	10.8	2.9	-83.4	85.4	11.7	2.8	-82.6
Mar-16	82.7	13.9	3.4	-79.3	82.4	13.2	4.4	-78.0
June-16	85.3	12.4	2.3	-83.0	83.3	13.0	3.7	-79.6
Sept-16	61.8	22.4	15.8	-45.9	64.3	22.4	13.3	-51.0
Nov-16	64.5	18.2	17.3	-47.2	66.8	18.6	14.6	-52.1
Dec-16	57.8	18.0	24.2	-33.5	62.4	17.1	20.6	-41.8
Mar-17	80.5	12.5	7.0	-73.5	79.9	13.8	6.3	-73.6
May-17	82.0	10.0	8.0	-74.0	82.6	10.9	6.5	-76.1

\*Applicable only for those respondents who felt price has increased/price will increase.

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